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FURTHER CORRESPONDENCE

RESPECTING

PERSIA

PART 5

January to December 1951

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PERSIA—PART 5

GENERAL CORRESPONDENCE

POLITICAL SITUATION IN PERSIA

EP 1531/6

No. 1

Sir F. Shepherd to Mr. Bevin. (Received January 4, 1951)

(No. 368)
Sir,Tehran,
December 29, 1950.

I have the honour to inform you that I visited the Persian Prime Minister on December 27th. Most of what was said has been reported briefly in my telegram No. 667 of December 27th.

2. The conversation began with an explanation by Mr. Razmara of the Government's action with regard to the Oil Bill. He reminded me that he had hoped to get about seventy signatures for a resolution empowering the Government to resume negotiations with the company. In the event only forty-five signatures had been secured and after the withdrawal of the Bill those members who had signed had requested that their signatures should not be made public. He had done his best to induce members to commit themselves to the resolution and paid a tribute to the help he had received from Dr. Tahiri. Since, however, the number was insufficient, he had decided that the only course of conduct was to explain the Government's point of view and then to withdraw the measure. The Minister of Finance had made a speech which he thought was a good one and when he had announced the Government's decision to withdraw the Bill there was a disorderly demonstration in the Chamber. He considered that the Deputies had wished to keep the Bill in the Chamber and that they were indignant that it should have been withdrawn. The Government had, however, absolute authority to withdraw any Bills which had been originally sponsored by the Government. He explained that he had been unable to conduct a propaganda campaign or to take any measures to explain the contents of the agreement because the matter had been with the Majlis and the Government was not therefore entitled to intervene in this manner. He thought however that when the excitement had died

down it was necessary for the question to be explained to the people.

3. His suggestion for dealing with the oil question was that he should appoint a committee consisting of three members of the Senate, three members of the Majlis and three outside personalities plus a representative of the clergy, to consider what should now be done. He wished to talk over future procedure with Mr. Northcroft and myself.

4. He went on to say that when he came into power he had hoped to be able to work with the Majlis, but he had now come to the conclusion that it was impossible with the present House. He was being continually subjected to requests by Deputies for personal favours, such as finding jobs for their sons and relatives, and for public works which would be of personal benefit to themselves. If he were to accede to all these requests large sums of public money would be diverted to improper uses and he would be faced with numbers of incompetent Government employees. Government under such conditions would be impossible. It was also impossible to secure any kind of consistency among Deputies, who while promising their support one day withdrew it on another. He said that he could indeed retain his majority, but it would still be impossible to get anything done. At the present time there were 110 pieces of legislation in the House with which the Deputies had made no attempt to deal. He felt therefore that the only course of action for him was to advise the Shah to dissolve the Majlis and to hold new elections after a certain time. I said that I understood elections had to be held within three months and he agreed to this, but my impression was that he was not very determined to adhere to this limit. I asked him whether he thought that a new Majlis would be any better than the present one and he said that he thought it would. The fault of the

present Majlis was that it consisted very largely of Deputies from Tehran. He would try and ensure that in a new Majlis Deputies were local personalities. And he pointed out that the forty-five Deputies who had signed the resolution about the Oil Agreement were practically all provincial men.

5. I said that if he dissolved the Majlis the whole oil question would then be delayed for a matter of months. Mr. Razmara agreed and said that this raised the question of money, because nothing could be done without it. He would like to have my views on the question of the dissolution of the Majlis and on the possibilities of getting something done about the oil question.

6. As regards the dissolution I said that there seemed to be three alternatives. The first was to attempt to find some means by which the Government and the Majlis could work together. Mr. Razmara had attempted to do this for the last six months and had failed and I gathered that he thought this was now impossible. The second was to find a Government with which the Majlis would work. I said that I did not know of anybody who could conduct the Government better or even as well as himself and that in any case it seemed doubtful whether the present Majlis would co-operate effectively with any Government. They had shown no signs of doing so with that of Mr. Ali Mansur or indeed with that of Mr. Sa'id. The third alternative was, as he had suggested, dissolution. I said that it was difficult for an observer to make comparisons but, if a situation arose in England in which the House of Commons did not co-operate with the Government and obstructed legislation, the most probable course of action would be a dissolution and new elections. From the constitutional point of view, therefore, it seemed to me that that decision was probably correct. The question however arose as to whether a newly elected Majlis would be any better than the present one and he had already explained that he thought this would be the case. If that were so, there would be an advantage in dissolution over the other alternatives. I asked, however, whether he did not think that dissolution might lead to a violent press campaign and disturbances. He said that there was a possibility of this and that probably martial law would be imposed for one or two months until the situation was quite calm. He added that something must be done about the press: there were 700 newspapers in Tehran alone

and a great many of them earned their living by a form of blackmail.

7. As regards the oil question, I said that I could not give any opinion at present. The Supplemental Agreement had never been discussed under any of the last three Governments; the only speeches made on the subject, with the exception of the ultimate one by Mr. Furuhar, had been more or less irrelevant criticisms launched by the National Front and their sympathisers. I added that I had seen the report of the Majlis commission and had noticed that the Supplemental Agreement was not dealt with at all in it. Mr. Razmara agreed and said that he was quite aware that the subject of the Supplemental Agreement had not been discussed and that debates had revolved around the question of nationalisation, which was not practical politics. He said that he did not wish to press me about the oil question but would like me to call on him again at nine o'clock on Saturday morning. He would have seen Mr. Northcroft in the meantime. I gathered that what he had in mind was that some way might be found of handing over to the Government two-thirds of the difference between the old and the new rates of royalty, the other one-third being retained until ratification. I said that I thought any arrangement of that nature would come up against legal difficulties and that it would be very difficult for the company to make any alterations in an agreement which in fact had never been discussed. Mr. Razmara then mentioned that he thought there was a sum of about £8 million due to the Iranian Government on account of reserves and that perhaps some arrangement could be come to for the payment of this sum. I said that that could be looked into and in any case as he knew we were very anxious to assist the Persian Government in any way possible. I asked whether he had in mind now accepting Mr. Bevin's offer and he said that that was one of the expedients to which attention must be given.

8. As regards the conduct of government during the interregnum before an election, he pointed out that the Government could carry on with the administration and that they could clear up a number of matters, including for instance the water supply question, which the Majlis had held up. When a new Majlis was elected the Government merely had to make a report to them of its activities during the interregnum period. I enquired about the ground on which the Shah would dissolve the Majlis

and he said that this would be its failure to get any business done. I said that, if his objection to the Majlis was, as I had understood, so largely that the Deputies would only co-operate if their private interests were served, it would probably be a good thing to conduct a campaign for greater honesty and he said that he had in mind to do this. Once a dissolution had taken place

the Government would publicise its reasons for having done so.

9. I am sending copies of this despatch to His Majesty's Ambassador at Washington and to the Head of the British Middle East Office at Cairo.

I have, &c.

F. M. SHEPHERD.

EP 1011/1

No. 2

POLITICAL SITUATION IN PERSIA

Conversation with the Shah

Sir F. Shepherd to Mr. Bevin. (Received January 4, 1951)

(No. 374)

Tehran,

December 31, 1950.

Sir,

I lunched with the Shah on the 30th December and found him looking better than I have seen him for some time, rather fuller in the face, less nervous and more confident in manner.

2. The conversation started with the internal situation, which the Shah regarded as containing elements of danger. He did not appear however to regard it as so critical as Mr. Razmara had indicated that morning. With this difference in emphasis the Shah and his Prime Minister spoke with one voice. The Shah attacked the National Front and complained of the inefficiency of the Persian democratic machine which rendered government almost impossible. He realised the difficulties with which the Government were confronted in the form of a vociferous minority which did not hesitate to incite to murder but which took refuge behind parliamentary immunity. He hoped that the excited situation which had arisen during the last few days would die down equally quickly. The main point at the moment was to secure a return of calm conditions.

3. As regards the possibility of a dissolution, I repeated to His Majesty the considerations that I had placed before the Prime Minister and he agreed with these. He said that he did not wish to change the Government; he had confidence in Mr. Razmara who was doing his best in difficult circumstances. It was quite true that he had set his face against surrendering to the manifold personal demands of Deputies and that he was unpopular with the Parliament in consequence. The Shah, however, was inclined to criticise him rather for not going further than for having gone so far; he thought that a stronger

hand would have been more effective. It had been said that some of the Cabinet would resign on account of the withdrawal of the Oil Bill from the House, but the Shah said that this must be prevented and the unity of the Government should be preserved. I said that it would be particularly unfortunate if Mr. Furuhar were to be allowed to resign. His was the only speech made since the agreement was signed in which some attempt was made to explain it. (On this, the Shah said, "Don't you think that speech would have been more effective if it had been made three months ago?") If Ministers were to be forced to resign merely for explaining the contents of an agreement signed by the Government, this would remove all basis for further negotiations. The Shah agreed. He said that, if it had not been for the oil question, he would have dealt with the internal parliamentary situation before. He was not, however, in a hurry to dissolve the Majlis and would await events in the immediate future to see whether some further effort could not be made to induce them to work. The Prime Minister was speaking that day to the Presidents of the two Chambers and he thought that he might himself in a day or two speak to certain members of the Majlis and explain to them the situation and the need for all parties to work together in view of the international as well as the internal situation.

4. As regards oil, he echoed the suggestion of the Prime Minister for a special advisory commission and also the Prime Minister's suggestion that increased royalties should be paid *ex gratia* by the company on the basis of a unilateral letter. I agreed that it was fundamentally absurd that large sums of money should be available in London at a time when they were badly

needed by the country and as he knew I had done my best to find a solution for this problem and would continue to do so. I suggested that perhaps His Majesty might like to impart his views to the company's representative in Tehran and His Majesty agreed. I said that if His Majesty thought it would be useful, Mr. Northcroft could very well go to London and explain the situation there. The Shah thought this

would be a good move. I heard afterwards that he had summoned Mr. Northcroft for 5.15 on Sunday afternoon, the 31st December.

5. I am sending copies of this despatch to His Majesty's Representative at Washington and to the Head of the British Middle East Office at Cairo.

I have, &c.

F. M. SHEPHERD.

EP 1531/7

No. 3

CONDUCT OF THE ANGLO-PERSIAN OIL QUESTION

Analysis of Persian Opposition to the Supplemental Oil Agreement and Suggested Future Policy

Sir F. Shepherd to Mr. Bevin. (Received January 4, 1951)

(No. 376. Confidential) *Tehran, December 31, 1950.*
Sir,

The withdrawal of the Supplemental Agreement from the Majlis which I reported in my telegram No. 667 marks a crisis in the conduct of the Anglo-Persian oil question, and it will be useful to consider why this unsatisfactory outcome arose; whether any course of conduct on our part could have led to a better result, and what policy should be followed in the future.

2. The offer by the company in 1949 of higher rates of royalty turned the minds of the Persians to the question whether the 1933 Concession was satisfactory and whether some arrangements more in accordance with Persian aspirations should not be made. The lengthy negotiations resulted in agreement which improved the financial terms of the concession, but, although the Persians accepted it, they never appear to have rid their minds of the idea that the whole concession should be overhauled. Even though the Persian sponsors of the agreement may well have been convinced that it was the best that would be arrived at under the circumstances and that it was basically reasonable, I think, judging from recent experience, that they were somewhat uneasy in their own minds, and retained a vague feeling that somehow the company had managed to keep the Persians aloof and impotent in respect of the most valuable source of national wealth. I rather feel that the intrinsically undeserved success attained by the demagogues of the National Front is to a large extent explained by this, and that the feebleness of successive Governments in face of so numerically small an Opposition was due to

recognition of the extent to which they realised that the National Front were playing a chord which awoke strong echoes among many classes of Persians. It is noteworthy that until the Finance Minister made his speech on 26th December, and apart from a very few articles in the press, no Government spokesman, no Deputy and no radio broadcast had dared to discuss the actual contents of the Supplemental Agreement. Discussion (when it did not consist of vilification of the Oil Company and of the British in general) was concerned with fundamental alterations to the main concession, such as the claim for a 50 per cent. interest on the analogy of the Venezuelan agreement, or later with outright nationalisation. Efforts were made by the Oil Company and by the embassy to point out the advantage of the agreement and to explain its terms, but, though most Persians admitted that they were convinced, it became clear that it was against their will and that, as the saying goes, they were of the same opinion still.

3. I can think of no other basic explanation of the obstinate opposition not only to the Supplemental Agreement but to any discussion of it. Many Persians, including some Deputies, said that they were not interested in the actual figures of increased revenue which would result, because the agreement did not secure the rights of Persia. For one reason or another nobody was prepared to say in what the rights of Persia consisted, nor was it possible to extract from Persian Governments or politicians any practical suggestions for fulfilling them. The Persians were dissatisfied with their position *vis-à-vis* the Oil

Company, but I doubt whether in fact they had much idea as to what measures would really satisfy their aspirations. Apart from certain criticisms about Admiralty contracts and British Government taxation, together with rather vague requests for exaggerated rates of royalty, the only constructive ideas were that of the application of something on the lines of the Venezuelan arrangement, suggestions for some form of inspection of certain of the company's activities and intensive Iranianisation. The Persians were, I think, in a dilemma between their traditional dislike of any foreign influence in their affairs and their consciousness that they were in fact completely incapable of conducting the oil business themselves. The cumulative effect of all the mental struggles of the past eighteen months has been that they could not in the last resort bring themselves to acknowledge even temporary defeat, or to ratify an agreement that would, to their minds, endorse for a period of years an unsatisfactory state of affairs.

4. If this analysis is sound, as I think it is, the solution did not lie in any improvements in the text of the agreement, nor in any small concessions such as Mr. Ali Mansur indicated were needed to secure ratification. The suggestions put forward by the Persians were half-hearted and often impracticable and sometimes even had already been included in the agreement. Eventually under the Razmara Government a series of concessions was made which should greatly have helped any Government really determined to sponsor the agreement and get it ratified, but these concessions have never been mentioned publicly. Mr. Ali Mansur, after testing the wicket, obviously came to the conclusion that the game could scarcely be won, and played out time as best he could. Mr. Razmara's idea was to gain confidence in the Government by means of his decentralisation proposals and other constructive legislation before tackling the oil question, and when these failed him, he hesitated, until it was too late, to commit himself to support of the agreement. As it is, his Finance Minister's defence of the agreement was not made until it had been decided to withdraw it.

5. During the time I have been in Tehran I have been on the watch for some opportunity to ease the situation in one way or another, but I cannot recall any point at which any reasonable concession could usefully have been made, other than those worked out during the last month or two for Mr. Razmara's benefit. He was, for a

soldier, surprisingly hesitant in coming to a decision, and in the event he allowed public feeling to be worked up to such an extent that the majority Deputies were afraid to come out in support of the Government.

6. I conclude, therefore, that in spite of the accusations of undue rigidity that have been levelled at the Oil Company, particularly by our American friends, there was never an opening where a concession by them could have been combined with a real determination on the part of the Government to secure ratification. Nothing would have had the desired effect short of the scrapping of the Supplemental Agreement and the initiation of further negotiations on an entirely new basis. This would have led to considerable delay and would not have been justified in the circumstances. The country was and is urgently in need of money and so long as the Government had some hopes that ratification could be secured it would have been wrong to arrest the attempt by a new approach. Nor was there any other indication of the kind of agreement that would have pleased the Persians in their existing mood.

7. Since it is now pretty evident, however, that the Supplemental Agreement is dead, a decision must be come to about future policy and action. I do not think we can expect very effective or helpful suggestions from the Persians, who have exhibited their inability to grasp the main practical points of the problem. Unfortunately, the Majlis have decided to set up a commission with the object of instructing the Government on the lines which a new agreement should take. It is to be hoped that it will be possible to stave off any firm recommendations for the present. We should, I believe, ourselves consider what form of agreement would best satisfy not only Persian financial needs but also their reasonable patriotic aspirations. So far as finance is concerned, I am prepared to accept the company's contention that they have gone to a reasonable limit in the Supplemental Agreement, and I do not indeed think that that aspect of the matter is uppermost in Persian minds. This is not to say that the Persians will not bargain voraciously, and we shall hear more about British Government taxation and Admiralty contracts, to mention only two points. The heart of the matter is the Persian feeling that they have no control over their main source of revenue, once it is sold to the Oil Company. I confess that I sympathise with the Persians here; they feel that, however inexperienced technically

they may be in the intricacies of the oil business, they should at least play some part in what is going on in the production and refining of oil in their own country. They not only desire Iranianisation of the staff of the company but they desire to participate in the actual direction of affairs. It is not enough that many senior posts are held by Persians—nothing, I feel sure, will satisfy them but some part in the direction of the concern as far as operations within Persia are concerned. At the present time it is too easy for accusations to be made that the company is exercising an authority approaching that detestable thing "colonialism" in monopolising the Southern oil resources without considering national rights. This is a feeling which it will be best to take into consideration. It is not unique to Persia, and the examples of Mexican oil and Argentine railways spring to the mind. I would, therefore, suggest for consideration the dichotomy of the Oil Company so that purely Persian operations can be separated from all other activities and the offer to the Persians of one or more directorships in the Persian subsidiary. I am sure that this would be technically a difficult process, but the existing situation and probable future developments are such that something of this nature is, I believe, inevitable. I do not suppose that we or the Oil Company will reap any gratitude for such a move, but it would be better for it to come from our side so that we can secure whatever goodwill may accrue, and at the same time prescribe the main line of the new arrangements. So far as financial commitments go, there seems no reason why the annual cost to the company should exceed that provided for in the Supplemental Agreement. Such an arrangement could perhaps be clothed in similar garments to that of the Venezuelan agreement and so satisfy the cry for equal shares. I believe that Venezuelan taxation is included in the calculation of these shares and that the final result of an arrangement on Venezuelan lines might not in fact mean increased outlay by the company, particularly if Persian participation in British dividends and reserve were modified accordingly.

8. I realise that the appointment of Persian directors would present certain undesirable features, and safeguards would have to be worked out to prevent undue interference by the Persian Government and to guard against other characteristic defects of the Persian mode of conducting business. But such a development is to

my mind equitable and the risks should be accepted. The risk of not accepting them may in the long run be greater.

9. Negotiations on these lines would not be rapid and the technical and legal procedure would also take time. It is essential therefore to take some steps to provide financial help for Persia during the interim, and here also I feel that there is much to be said for a bold procedure. As I have reported in my telegram No. 676 of 31st December, both the Shah and Mr. Razmara have suggested to me that the company should pay forthwith and *ex gratia* the increased rate of royalty provided for in the Supplemental Agreement. This procedure would have several advantages. In the first place, it is fundamentally absurd, even if we give full value to Persian deficiencies, that large sums of money should be available in the company's possession and by consent due, after the completion of formalities, to the Persian Government, at a time when the money is badly needed to rescue the country's finances and to improve the position of her people: at a period, moreover, of international strain, when the dangers of Communism require to be continuously fought. It is abundantly evident that every possible effort should be made to remedy this bizarre and potentially disastrous situation.

10. The alternatives would appear to be loans either by the company or by His Majesty's Government. The amounts could scarcely be large enough to last very long or to provide for suitable progress under the Seven-Year Plan. A loan by His Majesty's Government would need the sanction of the Majlis, while further advances by the company would, I believe, encounter legal difficulties. Moreover, it would be necessary to attach conditions to loans or also perhaps to advances, and these would lead to delays and friction. If the company were able to pay increased royalties, by whatever expedient, there would be presumably no need and, indeed, no justification for prescribing the manner in which they should be spent. The method suggested by the Shah and Mr. Razmara was that the company should address a letter to the Persian Government to the general effect that, although the Supplemental Agreement had not commended itself to the Majlis, the company desired to show its goodwill and its desire to co-operate in securing the welfare of Persia and that for this purpose they proposed to

pay *ex gratia* and without prejudice the rate of royalty prescribed in the Supplemental Agreement, pending further discussions regarding a definite agreement. It might be thought well to put a term on the period during which the increased royalties should be paid, though there is also something to be said for leaving the term unspecified, and possibly the company, if they approved of some such proposal as I have outlined in this despatch, might add that they were prepared to suggest the basis on which new negotiations might be initiated.

11. Politically such a gesture would be valuable in helping to calm the present excited state of public opinion, and it would greatly strengthen the hands of the Government in dealing with a situation which is being energetically exploited by the Communists. It would, of course, be

flouted as insufficient by the extremists, but it would, nevertheless, take a good deal of the sting out of the Nationalisation slogan. It would, moreover, give the Government a sufficient breathing space to put its house in order whereas more temporary expedients would tend to hamper planning and keep the Government in constant financial uncertainty. It would, of course, be desirable to time such a gesture so that it did not seem to have been prompted by extremist political pressure.

12. I am sending copies of this despatch to His Majesty's Ambassadors at Moscow and Washington; to the United Kingdom High Commissioners at Karachi and New Delhi and to the British Middle East Office, Cairo.

I have, &c.

F. M. SHEPHERD.

EP 1015/5

No. 4

PRESS REPORT ON THE MAJLIS RESOLUTION DISAPPROVING OF THE SPEECH OF THE FINANCE MINISTER ON DECEMBER 26

Sir F. Shepherd to Mr. Bevin

(No. 4. Confidential)

Tehran,

January 6, 1951.

Sir,

I reported in my telegram No. 7 that the Majlis had passed a resolution disapproving of the whole of the contents of the speech of the Finance Minister on 26th December on the oil question. I now transmit herewith a press report of the speech.⁽¹⁾

2. During the various debates in the Majlis in which the oil question has been referred to, the monopoly of speeches has lain almost entirely with the National Front. When it was known that the oil question was to be debated the members of the National Front slept in the House in order to be the first to put their names down to speak. In order to accord with the rules of the House, they put themselves down alternately as supporting and opposing the conclusions of the Oil Commission, and thus secured for themselves all the initial places in the debate. They were thus able to squeeze out the majority Deputies who in fact were unwilling to submit themselves to insulting accusations by the minority and were only too glad to have an excuse not to speak at all. As a result, the Finance Minister's speech was the only one which

dealt in any way with the Supplementary Agreement, the speeches of the National Front having been addressed almost entirely to the desirability of nationalising oil.

3. As will be seen, Mr. Furuhar's speech, though somewhat polemical in places, consists in the main of the statement of certain principles which might be held to be axiomatic, and of a number of factual statements. It would appear that the Deputies disapprove of the following statements, among others:—

- (i) That the affairs of Iran are not run by the Anglo-Iranian Oil Company and that it is damaging to the prestige of the country to say that they are.
- (ii) That the Government cannot unilaterally denounce an agreement it has concluded.
- (iii) That if the oil industry were closed down it would lead to loss and unemployment and entail importation of foreign oil.
- (iv) That nationalisation would entail payment for installations.
- (v) That nationalisation would be a grave step requiring consideration and forethought; that it would lead to

⁽¹⁾ Not printed.

misery and discontent and that it would not be in the country's interests.

- (vi) That in the present time of stress it would be better to put aside personal considerations and consolidate national unity.

In addition, the House appears to have expressed its disapproval of the fact that the Finance Minister had stated that nationalisation of oil in Mexico had led to a reduction of output from 28 million tons in 1921 to 8 million tons in 1949 and they appear also to have objected to the statement that the Supplementary Oil Agreement contained an increase of royalties from 4s. to 6s. a ton and an increase in Persian taxation from 9d. to 1s. per ton, as well as other benefits amounting in all to more than those received by other Middle East countries.

4. The objection of the Deputies to the recital of facts which they do not desire to acknowledge is typical of the unrealistic attitude which they have adopted towards the Oil Agreement. If the resolution is to be taken seriously it suggests that the signature of the Persian Government on an agreement is valueless and it records the

conviction of the House that they are in favour of confiscation of foreign concerns without compensation. I do not think, however, that it is necessary to analyse too closely the implications of the resolution because it was passed under stress of emotion and in consequence of the ascendancy which the extremists of the National Front have managed to attain by their assumption of a monopoly of patriotism. The slogan of nationalisation of oil makes, of course, a certain appeal to the ignorant and the Deputies have found it difficult to summon up enough courage to expose its absurdities. The thirty or so journalists who are still taking bast in the Majlis have also joined in exerting pressure on the Deputies who have proved totally unable to make any resistance. In the circumstances, therefore, the resolution can scarcely be said to represent the calm and considered opinion of the majority Deputies; it is rather a symptom of their unfortunate lack of courage.

5. I am sending a copy of this despatch to His Majesty's Ambassador at Washington and to the Head of the British Middle East Office at Cairo.

I have, &c.

F. M. SHEPHERD.

EP 1013/2

No. 5

MONTHLY REPORT FOR DECEMBER 1950

Sir F. Shepherd to Mr. Bevin. (Received January 11)

(No. 5)

Tehran,

January 8, 1951.
With reference to my despatch No. 353 of the 10th December I have the honour to submit a summary of the events in Persia during December 1950.

Foreign Affairs

2. Little progress was made in putting into effect the Soviet-Persian commercial agreement. Arrangements were made for the exchange of tobacco belonging to the Persian Government Tobacco Monopoly for Soviet sugar. No other transactions under the agreement were reported. Indeed there was considerable reluctance to take up shares in the regional companies; for instance, at Resht the company was officially incorporated on the 7th December with a capital of 20 million rials but by the middle of the month only 8 million rials had been paid up. At Tabriz, by the middle of the month only two-fifths of the capital

required had been promised and only a fraction of this had been paid into the National Bank; merchants at Tabriz apparently feared that the Russians would after all sell direct and might resort to various devices which they had used in the past to rig the market in their favour to the detriment of those who had initially traded with them. The Soviet representatives to the Gold Commission arrived and presented the Persian Government with a claim for 700 million rials for works erected by Soviet forces in Persia during the war. The Persian Government were countering with a claim for 5,000 million rials for damage done by the Soviet forces. The question of the gold itself appeared not to have been seriously discussed.

Internal Affairs

3. The sensation of the month was the escape from Tehran prison on the 15th

December of ten Tudeh prisoners apparently with the connivance of two junior police officers on duty. They were not recaptured nor did the authorities publish a comprehensive report on the incident. The escape was a serious blow to the prestige of the Government.

4. Otherwise Tehran politics were dominated by the Supplemental Oil Agreement. The Majlis Oil Commission submitted a report covering the resolution of the 25th November (paragraph 9 of my report for November). The report was a long and rambling document which said very little about the Supplemental Oil Agreement and consisted largely of extracts unfriendly to the Anglo-Iranian Oil Company from reports submitted at various times to the Persian Government. The National Front promptly drew up and canvassed a Bill for the nationalisation of oil in Persia but failed to get the fifteen signatures required to put a private Members' Bill officially on the agenda. The Government, for their part, endeavoured to obtain support for a Majlis resolution simply instructing the Government to engage in further discussions with the company. Meanwhile the National Front maintained a steady campaign against the Supplemental Agreement, the Anglo-Iranian Oil Company, and the Persian and British Governments; in the course of this, two Opposition editors were detained for a short time for editorials inciting to violence; the National Front Deputies and certain editors thereupon took sanctuary in the Majlis (and were still there on the 31st December). Although active in lobbying, the Government did not take sufficient steps to convince those Deputies who were amenable to reason of the advantages to Persia of the Supplemental Agreement and also refrained from providing sufficient material inducement to the considerable number of Deputies who could only be expected to vote against the National Front if they were suitably rewarded, for instance with Government posts for their relations. When the report of the Oil Commission came to be debated on the 26th December it was in a Majlis which the Government had not sufficiently prepared, whereas the National Front, by a sustained campaign of vituperation and intimidation, had so terrorised the rest of the Majlis that no Deputy would willingly rise and defend the Supplemental Agreement. Government supporters had secured only some fifty votes for their resolution, and in view of the

atmosphere in the Majlis and the risk that if the matter were made one of confidence the Government would not receive a majority, the Minister of Finance, in accordance with the plan agreed between himself, the Prime Minister and the Shah on the previous evening, having made an able and courageous defence of the Supplemental Oil Agreement, announced that the Government withdrew the Bill embodying the agreement from the Majlis.

5. By the end of the month it was very far from clear what alternative solution of the oil question was envisaged by the Government with a view to obtaining the additional money of which it was sorely in need. The Deputies, for their part, were not prepared to acquiesce in the removal from their control of a subject which had provided them with such means of bringing pressure to bear on the Government and in a private session a number of Deputies brought forward a motion calling on the Government to re-submit the Supplemental Agreement in order that its rejection might be confirmed. Discussions were also being held with a view to establishing a new Majlis Oil Commission, to be chosen from the parliamentary groups, to instruct the Government as to the conditions under which it should conduct further negotiations with the Anglo-Iranian Oil Company. The Prime Minister for his part was proposing to establish a consultative committee of ten, three senators, three Deputies, one divine and three other non-parliamentary personalities. A considerable number of Deputies put their names to a resolution dissociating the Majlis from the views expressed by the Minister of Finance on the 26th December.

6. After the withdrawal of the Bill the National Front, actuated by hostility to the Shah and the Prime Minister—both of whom they suspect of dictatorial ambitions—as well as by their feelings on the subject of oil, continued their demonstrations for the nationalisation of the oil industry and their incitement to violence. The feeling of insecurity engendered by their threats caused many politicians to hope that the Government would establish martial law in Tehran. The Prime Minister, disturbed by the unconstructive attitude of the Majlis towards the Government's need for increased revenue, by its almost complete failure to pass any of the legislation submitted to it by the Government and by the use of parliamentary immunity by the National Front to conduct a violent campaign against the Government, was

considering advising the Shah to dissolve the Majlis.

7. The month thus closed on a very confused situation with the National Front in a dominant position in the Majlis and the Government undecided as to how to find the revenue which it had hoped to receive from the Supplemental Agreement and how to deal with the connected questions of the Majlis and public order.

8. According to the Minister of Finance the budget deficit is now increasing at the rate of about £1½ million a month. Government salaries have so far not fallen into arrears except in the provinces but Mr. Furuhar fears that he may not be able to keep up regular payments even of army salaries much longer. The Treasury has been so short of money that reserves of Government institutions, not intended for Budget purposes, have been raided and these funds are now almost exhausted. The Government's financial difficulties have been one of the main causes of the sharp fall in the Bank Melli's cash balance during the past month to a level which has obliged the Government to consider seeking Majlis approval urgently for an increase in the note circulation.

9. On the 31st December the British Bank of Iran and the Middle East gave notice to the Bank Melli of its intention to withdraw the £1 million capital which it was obliged to bring out to Persia in March 1949, under the onerous requirements of a decree passed at that time. Under the terms of the decree, the effect of such withdrawal would be that the British Bank would liquidate their Persian business. The bank has, however, intimated to the Persian authorities that it is prepared to continue its operations

if reasonable banking legislation is introduced.

Employment

10. Unemployment increased, mainly because of general depression through shortage of money and consequent inability to develop a number of Plan projects. In the textile industry there is a good deal of unemployment and under-employment said to be caused by prevailing high prices and reduced supplies of raw cotton now being exported in increased quantities to Italy. Several big road schemes in the northern areas have shut down owing to inclement weather and there is some seasonal unemployment in agriculture. In Gurgan and Khuzistan the introduction of modern agricultural machinery has, according to the Persian Minister of Labour, thrown out of work a number of peasants for whom no alternative employment has yet been found. The Ministry is considering what steps can be taken to mitigate hardship among the unemployed peasants, for there is the obvious danger that a crisis may develop in advance of the ultimate good results of mechanisation.

11. I am sending copies of this despatch to His Majesty's Ambassadors at Washington, Moscow and Bagdad; to the Commander-in-chief, East Indies, and to the Senior Naval Officer in the Persian Gulf; to the Political Resident in the Persian Gulf; to the United Kingdom High Commissioners in New Delhi and Karachi; to the British Middle East Office, Cairo, and to all His Majesty's Consular Officers in Persia.

I have, &c.

F. M. SHEPHERD.

EP 1112/4

No. 6

FINANCIAL SITUATION IN PERSIA

Sir F. Shepherd to Mr. Bevin. (Received January 11)

(No. 7 E.)

Tehran,

Sir,

January 8, 1951.

With reference to my telegram No. 12 of 6th January, I have the honour to submit to you the following additional comments on Persia's balance of payments, the note position and some associated problems.

2. The United States Embassy agree with the estimate of £7 million for the deficit in the balance of payments for the current year. This is some £5 million less than the

figure given in my telegram No. 12, mainly owing to the recent marked revival of the export trade. Not only have exports been favoured by a better and stable rate of exchange, but the unsettled world situation has caused many countries to take a keener interest in Persian products, especially skins and gum tragacanth, and their prices have risen considerably. The trade negotiations with Russia, in particular, have contributed to the increasing firmness in the export

market. During the first month of the third quarter of the current Persian year receipts from exports amounted to £1.7 million compared with £4 million for the whole of the second quarter, and with merely £1.1 million for the entire third quarter of the previous year. The effect on the balance of payments of this improvement in foreign exchange income will, however, probably be largely offset by the increase in imports following the lifting of quota restrictions at the beginning of December on most imports until the end of the Persian year (21st March, 1951).

3. The dollars figuring in the Bank Melli's assets nearly all represent conversions from sterling in respect of credits opened for United States goods, but not yet liquidated. The arrangements made two months ago whereby exporters were called upon to sell all the proceeds of exports to the United States to the Bank Melli have so far produced \$4 million. The gold includes some 300,000 pahlevis held in Tehran and it is these that the bank recently began to sell at a price of 550 rials each in an attempt to check the outflow of notes which is now threatening the bank's liquidity. In the first week only about 6,000 pahlevis were purchased and there are no signs of a keen demand developing. Moreover, I understand that more than one-half of them were acquired by the bank's own customers by transfers from current accounts, no notes being consequently retrieved from such transactions. It seems doubtful whether the decision to sell gold, which was, I believe, taken by the Governor in the face of opposition from senior and more experienced officials of the bank, will be justified by results, and the gold would have been better held in reserve for use as note cover when authority is obtained from the Majlis for increasing the note issue. Mr. Zand is in conflict with his staff on this point, too, as he is reluctant to seek such authority, fearing the inflationary effects of an expansion of the note circulation and wanting, in any case, to see first a large addition to the bank's exchange resources.

4. There is a factor, not mentioned in the telegram under reference, which is likely to place a severe strain on the Bank Melli's cash resources during the next six months, unless more notes can be issued. If the British Bank closes down in Persia (see your telegram No. 581), it will withdraw its

deposits amounting to some 500 million rials from the Bank Melli and, although much of this money will return to this bank, some will not do so. Even if the British Bank continues to operate it will require a substantial reduction in its obligatory deposits with the Bank Melli (it is understood that a draft Bill for the control of banking, now with the Ministry of Finance, proposes that 30 per cent. instead of 55 per cent. of total deposits should be lodged with the Bank Melli). In either case, therefore, the Bank Melli will be faced with a loss of cash which it cannot afford in its present situation.

5. The greatest continuing source of embarrassment will remain the Government which, though allegedly prevented by law from borrowing further from the bank, continues to add to its indebtedness by, for instance, not paying interest due on existing loans. The bank has also been obliged to increase advances guaranteed by the Ministry of Finance, these being used for Government purchases of sugar, wheat, cotton, &c. They have risen from 374 million rials in March to 920 million rials in November last. During the same period the Government's total net indebtedness to the bank has risen by 500 million rials, a drain which the bank cannot allow to continue much longer with its present cash resources.

6. This is one of the means by which the Government has been meeting a growing budget deficit, now running at the rate of over 150 million rials a month, according to the Minister of Finance. In December he said that the accumulated deficit for the current year amounted to just over 1,000 million rials. No details are available but it is clear that attempts at economies by reduction of redundant staff, and at raising more revenue by modifying the import tariff and introducing a new income tax law, have failed. The Ministry of Finance has been driven to raid the funds of Government institutions. Little more can be extracted from these sources and the Minister fears that Government salaries, including the army, will soon fall into arrear. By the end of the current Persian year the deficit may exceed the equivalent of £12 million on current form.

7. Expedients such as foreign loans and expansion of the note circulation both require sanction from the Majlis which is unlikely to approve either one or the other

in its present negative mood. I think we must now assume that the Majlis would almost certainly reject a comparatively small loan from His Majesty's Government while the problem remains unsolved. It is even very doubtful whether the Government's acceptance of the Export-Import Bank loan of \$25 million will be ratified by the Majlis and utilisation of the loan will probably be held up. In these circumstances only an *ex-gratia* payment by the Anglo-Iranian Oil Company as recommended in my telegram No. 676 of 31st December, 1950, can afford some quick relief to the Government's acute financial difficulties. It will need to be a large payment if, in addition to easing the shortage of funds for day-to-day Government expenses, an impulse is to be given to the Seven-Year Plan which is now marking time as regards new development work. If the suggestion made at the end of my telegram No. 12 of 6th January, about bolstering up the Bank Melli foreign exchange holdings in London by increasing the Oil Company's deposits, is not practi-

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No. 7

PERSO-SOVIET AGREEMENT

Sir F. Shepherd to Mr. Bevin. (Received January 17)

(No. 14. Confidential) *Tehran,*
Sir, *January 14, 1951.*

I notice from Foreign Office despatch No. 193 of 22nd December to Sir Noel Charles at Ankara that the Turkish Ambassador had stated that his Government were worried about the recent Persian agreement with the U.S.S.R. The ambassador thought that the Shah, having been dissatisfied with his visit to the United States, had adopted a policy of neutrality and was hoping to reach a *modus vivendi* with the Soviet Union.

2. During my conversations with him since the Russo-Persian negotiations were initiated, the Shah has always expressed doubt as to the wisdom of these negotiations, and he was shocked at the extent of the approval of the agreement which was exhibited by the Majlis on its presentation to them. I think therefore it can be taken that, so far as the Shah himself is concerned, he remains extremely suspicious of Russia and of any rapprochement with her. The Persian Prime Minister has stated to me in conversation, and has made the same remark to members of the Majlis, that, while there was no doubt that Russia would attempt to

cable, the need for additional cover for an increase in the note circulation should also be kept in mind in assessing the size of any *ex-gratia* payment that may be made.

8. I have considered the possibility of the extension of credit facilities to the Persian Government for current purchases in the United Kingdom. The only major item is, however, sugar and the Ministry of Finance has already entered into commitments for cash payments for supplies during the next six months, so I presume that it is too late to adjust the selling arrangements to provide for credit. The total amount involved is, I believe, nearly £3 million.

9. I am sending a copy of this despatch to His Majesty's Ambassador at Washington, the Lords Commissioners of His Majesty's Treasury, the British Middle East Office, Cairo, Export Credits Guarantee Department, and the Commercial Relations and Exports Department of the Board of Trade.

I have, &c.

F. M. SHEPHERD.

devour Persia whenever an opportunity arose, it was useful to maintain as friendly relations as possible while bearing ultimate Russian designs in mind.

3. I think therefore that so far as the Shah and the Government are concerned there is little need for alarm. As I have pointed out before, however, Russian tactics are evidently aimed at impressing the Persians with their friendly attitude in order to weaken the Persian will to resist. These tactics have definite dangers and are enhanced by the unrealistic and obstructive attitude of the National Front who have recently gained such an ascendancy in the political scene. The agitation they have organised has been welcomed and I think actively supported by the Tudeh. Several members of the National Front incidentally, are foundation members of the local Partisans of Peace.

4. I am sending a copy of this despatch to His Majesty's Ambassadors at Washington, Ankara and Moscow and to the Head of the British Middle East Office at Cairo.

I have, &c.

F. M. SHEPHERD.

EP 1671/2

No. 8

STATE OF THE PERSIAN PRESS

Reflection of the Political Situation

Sir F. Shepherd to Mr. Bevin. (Received January 18)

(No. 15)
Sir,

Tehran,
January 15, 1951.

In my telegram No. 7 of the 5th January I had the honour to report the first reading in the Majlis on the 4th January of a law restoring the liberty of the press. This was approved by the Deputies on the 9th January in a form annulling all previous legislation relating to the press except the Press Law of 5 Muharram 1326 (lunar) (8th February, 1908) and requiring the Government to table any necessary supplementary legislation within a month. The editors who had taken refuge in the Majlis left its precincts on the following day, 10th January, after Mr. Taqizadeh, President of the Senate, in the course of a further visit to them had promised that the Senate would approve in its turn the resolution passed by the Majlis.

2. The state of the Persian press provides an interesting reflection of the political situation. The political ascendancy established by the National Front in the Majlis has been greatly assisted by the newspapers which it controls and the combined effect of its verbal and written propaganda has terrorised other editors into supporting their attacks on British organisations in Persia. Apologetically they make the distinction between the British nation and the Anglo-Iranian Oil Company, or other smaller representatives of British influence in Persia, and join in the general outcry against our oil policy. Thus they find no difficulty in printing news items which put the British case in international affairs, or even publishing feature articles praising the conduct of Britain's domestic affairs, though in the same issue roundly condemning us for our actions in Persia.

3. The question of finance is the real key to the situation. In a country of whose population only 5 per cent. is literate, there are insufficient readers to support more than one or two national papers on a strictly commercial basis. A few newspaper proprietors have private fortunes which they are willing to draw upon for the influence and prestige which their newspaper secures for them. Others enjoy

playing with politics, and are quite prepared to work for a master; but a great majority find it a lucrative profession which requires no special qualifications except an elastic conscience. Apart from papers which receive a regular subsidy for full-time support there are some which give *ad hoc* backing either to an individual or a policy. In the early stages of the attack on the Supplementary Oil Agreement there were many who walked warily in the hope of an adequate bribe from the Anglo-Iranian Oil Company. The rabid critics on the other hand redoubled their efforts in the expectation of being bought off for an even larger sum.

4. The relations between the Government and the press are never entirely sweet, as attacking the Government is a national sport and newspapers need readers. But the Government, until its fall is imminent, can usually rely on the support of a few reasonably stable newspapers. Apart from the National Front, which has carefully avoided committing itself to the intention of forming a Government, the only papers attacking the present system of government as distinct from individual cabinets are the papers with pronounced Communist leanings.

5. The particular incident which gave rise to the demand for the abrogation of the press laws enacted since that of 1908 (Muharram 1326) was the suppression, for incitement to violence against opponents of the nationalisation of oil, of three Opposition newspapers and the immediate arrest of their editors. The protests of the National Front were supported by all members of the press, who had been swept along by the wave of patriotic emotion worked up by the minority. They completely disregarded the reason for which the arrests were made and united in attacking the law which authorised arrest of an editor without prior proceedings being taken against him. This same law had aroused very little opposition when it was passed in March 1949 after the attempt on the Shah's life, as the majority of editors were then sitting virtuously on the Government side of the fence.

6. The press laws now being attacked give the Government considerable power over the press, but except where the authorities are prepared to bribe, their positive influence over the press is negligible. The demand for a return to the press law of the 8th February, 1908, is an insistence on complete licence as well as liberty for the press. It is supported not only by the Opposition, but by all those who fear a strengthening of the power of the Government. The groups of editors and journalists who took "sanctuary," after the Persian fashion, in the Majlis and went so far as to stage a hunger-strike as a protest against the recent arrests refused to depart after their colleagues had been released as they saw that it was a favourable moment to bring pressure to bear upon the Government. There was no editor of consequence in the party, some members of which indeed were merely young men who have acquired licences to publish but without any intention of producing a paper regularly. However, the capital made out of this incident by the National Front was sufficient to impress the Majlis and embarrass the Government, with the result that the resolution referred to in my first paragraph passed without opposition.

7. The feature of the 1949 law to which the National Front and the press most objected was the provision that for certain offences an editor might be arrested and his newspaper suppressed by the authorities before legal proceedings were instituted. The most important of these offences was defamation of the Imperial Family.

8. The position is therefore that when, as is almost certain, the Senate approve the resolution restoring the law of 1908, the authorities will have little effective power to restrain the press, short of the declaration of martial law. The law does indeed provide penalties for incitement to violence and sedition and redress for defamation but legal processes are so slow and unsatisfactory that the law provides no effective restraint on the press. It is therefore to be expected that the Persian press will now be even more irresponsible and violent than it has been during the last two years.

9. I am sending copies of this despatch to His Majesty's Ambassador at Washington; to the British Middle East Office at Cairo; and to all His Majesty's Consular Officers in Persia.

I have, &c.

F. M. SHEPHERD.

EP 1103/1

No. 9

PERSIAN SEVEN-YEAR PLAN

Sir F. Shepherd to Mr. Bevin. (Received January 18)

(No. 22 E.)
Sir,

Tehran,
January 13, 1951.

With reference to my despatch No. 262 E. of 9th September, 1950, regarding the Seven-Year Plan, I have the honour to transmit to you herewith a statement,⁽¹⁾ obtained from a confidential source, of cash receipts and disbursements of the Plan Organisation from the date of its formation up to the end of the Persian month of Aban (21st November). In view of the termination of the Overseas Consultants' contract it is doubtful whether I shall be able to obtain any more of these statements.

2. The Plan Organisation received during the first eight months of the current Persian year £9,387,000 (807.7 million rials) on account of revenues from oil royalties. The only other important receipts were a loan of 100 million rials from the Bank

Melli and 79 million rials, the proceeds of duties on tea which are earmarked for the development of the tea industry. (Tenders were, in fact, opened last week for tea machinery to the value of about £250,000.)

3. Total disbursements under project appropriations amounted to 517.2 million rials compared with the total budget allocation of 1,877 million rials for projects. Nearly one-half of the expenditure (242 million rials) went on communications, largely railways, and more than one-quarter on industries. Of the 50 million rials devoted to agriculture, 31 million rials was absorbed by plant disease campaigns and only 2.4 million rials was spent on forestry. When administrative expenses and expenditure not budgeted for, e.g., Azerbaijan Emergency Programme and loans to subsidiary companies, are taken into

⁽¹⁾ Not printed.

account, the total expenditure for the first eight months of the year was 988 million rials against the overall budget estimate of 2,078 million rials. As total administration expenses continued to represent about 15 per cent. of the total disbursements, the talk about staff reductions has evidently not been transformed into fact.

4. Total cash resources of the Plan Organisation amounted to 213 million rials on 21st November last, and of this amount 154 million rials was held in sterling. The monthly advances from the Oil Company on account of royalties will probably enable the organisation to show a small surplus at the end of the current Persian year on the present restricted basis of operations.

5. As far as can be ascertained, the tendency for the industrial and commercial enterprises to become more nearly self-supporting seems to continue, but I understand that the operations of these enterprises as a whole will show a deficit as those showing a profit will be required to pay income tax. Meanwhile, the outlays on the constructions of railways and sugar factories is still so large that other plan activities can only proceed on a very limited scale on current oil royalty payments.

6. The shortage of funds is reflected in the delay in the execution of many approved schemes for which credits have been allocated but not made available. These schemes include forestry exploitation, the purchase of port handling equipment and of the balance of the rails for Tabriz and Meshed railway extensions, airport improvements, road construction and agricultural development. In the last two fields the loan from the Export-Import Bank is, of course, expected to enable development work to proceed.

7. The work of the Plan Organisation has been further seriously hampered by the activities of the Senate Investigating Commission which was appointed last summer and which has been enquiring into and usually questioning minor as well as major decisions regarding the organisation's operations. The inevitable result has been that customary delays in carrying proposals into execution have been greatly lengthened.

8. A further and even stronger brake on progress is now being applied by the Majlis Seven-Year Plan Commission which recently informed the Plan Organisation in categorical terms that, in accordance with

the Seven-Year Plan Law, no payments whatsoever were to be made without the prior approval of the commission. A budget has hurriedly been drawn up for submission to the commission in order that authority may be obtained for meeting salaries and pending payments. The commission's reaction will indicate whether it intends to curtail the activities of the plan, as some of its members are reported to be in favour of doing.

9. As regards the cancellation of Overseas Consultants' contract, which I reported in my telegram No. 21 of 9th January, the Prime Minister has confirmed to me that this step was taken for reasons of economy, an expenditure of over \$600,000 per annum being considered much too expensive for five resident experts. I understand that the decision to terminate the contract came as a surprise to Overseas Consultants, who had merely offered to consider alternative and less expensive arrangements for the use of their services. According to statements made to the press, Mr. Thornburg has indicated his willingness to stay on in an honorary advisory capacity. When the Prime Minister, during my last interview with him, referred to Mr. Thornburg's public criticism of the Oil Company (see my telegram No. 21 of 9th January), I took the opportunity of making it clear to him that Mr. Thornburg was a trouble maker and that I felt that the United States Embassy, as well as ourselves, would be glad to see him leave Persia.

10. Not only has the Persian Government decided that its association with Overseas Consultants is not justified by results, but it has now apparently reached the same view about the International Bank. I understand that the Prime Minister recently telegraphed to the head of the Persian delegation in Washington, which is negotiating the loan from the Export-Import Bank, and instructed him to inform the International Bank that Persia intended to resign from that institution.

11. I am sending copies of this despatch to His Majesty's Ambassador at Washington, the Lords Commissioners of His Majesty's Treasury, the British Middle East Office, Cairo, the Export Credits Guarantee Department, and the Commercial Relations and Exports Department of the Board of Trade.

I have, &c.

F. M. SHEPHERD.

ANGLO-PERSIAN OIL QUESTION

To Sir F. Shepherd (Tehran)

(No. 17. Confidential) *Foreign Office.*
(Telegraphic) *January 19, 1951.*
Aid to Persia.

Following an inter-departmental meeting attended by Northcroft and A.I.O.C. representatives, the situation presents itself to us as follows.

2. Despite the shortcomings of Razmara (particularly in regard to his past handling of the Supplemental Agreement), there seems to be no better alternative, and he must therefore be supported if the situation is not to deteriorate dangerously.

3. We are not clear whether Razmara has acquiesced in the intention of the Majlis to act as indicated in your telegram No. 31 [of January 13] but assume that he will do so. Unless, however, his previous unwillingness to take a strong line with the Majlis can be modified, it seems probable that the matter will drag on for two months or more after which the company will be presented with wholly unacceptable demands. The company, though possibly willing to consider a 50-50 arrangement, would seem unlikely to accept such a basis unless it were solely on their Persian operations. Even to do this would necessitate the separation of these operations from the remainder, thus involving a major reorganisation which would take a long time to complete. We doubt whether the Persian Government would be prepared to accept a 50-50 arrangement on the basis of the company's Persian operations alone, since they would thus have to surrender the benefits they now derive from the world-wide operations of the company.

4. Our conclusion is that a regularisation of the company's operations in Persia is

unlikely to come about at least during the current year, except in the unlikely event of a dissolution of the Majlis and new elections bringing in a considerably more amenable and reasonable Majlis.

5. On the short term, the dismissal of the O.C.I. technicians and the suggestion that salaries may fall into arrears can be taken as indications of at least some financial stringency. The information at our disposal, however, is inadequate to enable us to assess how much assistance Persia really requires at present, whether this is needed in local currency or in sterling, and to what uses it will be put if obtained. It is thus most difficult to recommend what measures of assistance are justifiable.

6. We gather that a loan to Persia, either by the company or by His Majesty's Government, would in present circumstances be unlikely to be ratified by the Majlis. We presume it is for this reason that Razmara has not reverted to our offer of a £2-£3 million loan as backing for additional note issue.

7. The company represent, and we agree, that under the 1933 Concession it would legally be most undesirable for them to pay over the £6½ million referred to in your telegram No. 34. On the other hand, they are clearly thinking in terms of making an immediate advance to the Persian Government under some such formula as "against future royalty payments" and without specifying whether it would be on account of the 1951 royalties due under the 1933 Concession or of the Supplemental (or other new) Agreement.

8. See my immediately following telegram.

MONTHLY REPORT FOR JANUARY 1951

Sir F. Shepherd to Mr. Bevin. (Received February 7)

(No. 42)

*Tehran.**Foreign Affairs*

Sir,

February 5, 1951.

With reference to my despatch No. 5 of the 8th January, I have the honour to submit a report on events in Persia during January 1951.

2. No commercial exchanges appear yet to have taken place under the Soviet-Persian Commercial Agreement. A quantity of sugar is still in the customs on the Soviet side of the frontier, no rice has been bought

specifically for shipment to the Soviet Union and Soviet experts have still to arrive to select the varieties of Persian tobacco to be exchanged for Soviet sugar.

3. A shipment of American arms arrived at Bandar Shahpur towards the end of the month. The Persian authorities declined to give the Press Attaché of the United States Embassy facilities to visit the port during the unloading.

4. The General Staff issued a new set of restrictive regulations covering the movement of foreigners which conflict with the assurances given to this Embassy by the Prime Minister; the matter is being pursued.

Internal Affairs

5. The month opened in a state of some excitement with the National Front Deputies and a number of so-called editors lodging in the Majlis precincts and demanding vociferously the abolition of the Press Law of March 1949 and satisfaction over the oil question; the latter but not the former demand was supported by demonstrations in the streets. On the 4th January the Majlis passed by an overwhelming majority a vote dissociating itself from the speech in defence of the Supplemental Oil Agreement made by the Minister of Finance on the 26th December, and on the 9th, by triple urgency, a Bill annulling all previous press legislation except the law of the 5 Muharram 1326 (8th February, 1908) and requiring the Government to table any necessary supplementary legislation within a month; the feature of the existing legislation to which the National Front took particular exception was the provisions of the law of March 1949 that for certain offences an editor might be arrested and his newspaper suppressed by the authorities before the institution of legal proceedings. The most important of these offences were defamation of the Imperial Family and incitement against the established Government. Having secured this victory those who had taken sanctuary in the Majlis left its precincts.

6. These National Front successes were quickly followed by another on the oil question. The Prime Minister had requested the presidents of the two Chambers to give him the names of three members who would serve on a proposed new oil commission. On the 11th January the Majlis passed unanimously a resolution which stated that the Majlis, while approving the report of the Oil Commission that the Sa'id-Gass Supplemental Oil Agreement

was not sufficient to recover Persia's rights in the southern oil, instructed the Oil Commission to draw up, having regard to deputies' proposals, a report defining the duties and attitude of the Government and to present it to the Majlis. Deputies were to submit any proposals they wished to the commission within two weeks. The National Front thus secured further discussion of the oil question in a body in which they are relatively much stronger than they are in the Chamber. The Majlis as a whole, assuming that the Government would be unable to obtain money except through a new oil agreement ratified by them, thought that it had recovered its control of a valuable means of pressure on the Government and had to some extent protected itself against the possibility of dissolution. A few days later the Minister of Finance, Mr. Furuhan, finding that the rest of the Government had no intention of complying with the doctrine of collective Cabinet responsibility and going out with him, reluctantly tendered his resignation. Although his departure was necessary if the Government was to have any prospect of working with the Majlis, the enforced sacrifice of the only public man who had shown the courage to defend the Supplemental Oil Agreement generally weakened the position of the Government.

7. By the middle of the month, Mr. Razmara was indeed in very low water; his Government's financial situation was precarious, its intentions obscure and its prestige badly damaged by a series of National Front victories; the great political game of choosing the next Prime Minister was in full swing and voices were not lacking to suggest that members of the National Front would have to be taken in the Government; there was, however, no agreement either in the Majlis or outside as to a possible successor and many Deputies became reluctantly convinced that the best course was to retain Mr. Razmara. He, for his part, exerted himself to reconstitute a majority in the Majlis, and the Shah showed both determination and courage in summoning first the whole body of Deputies and then the parliamentary groups likely to support the Government and urging them to rally round the Government in the dangerous conditions prevailing both in the country and in the world. At the same time the Prime Minister discarded Dr. Jazayiri, the Minister of Education, who had engaged in a public controversy with

Mr. Furuhar as to whether or not the Prime Minister had approved the latter's speech of the 26th December and had made a number of statements which could only be interpreted as meaning that he had more sympathy with the National Front than with the Government of which he was a member. These activities culminated on the 25th January in a request by Mr. Razmara for a vote of confidence. This was given by 91 votes out of 101 present and voting, there being six votes against the Government and four abstentions.

8. By the end of the month the Government was thus in a considerably stronger position than at the beginning. But the fact that it had obtained a vote of confidence did not mean that it could be sure of securing the passage of its legislation, and the shadow of the oil question still lay across the scene. The Majlis Oil Commission held a meeting on the 29th of January, the period for the submission of suggestions by Deputies having by then expired, but was unable to transact any business since the necessary Senate approval of its mandate had not yet been secured. The suggestions from Deputies, of which there were about a dozen, ranged from proposals for nationalisation to suggestions for a new arrangement to be made with the Anglo-Iranian Oil Company on a 50-50 basis.

9. On 28th January the Shah introduced a new factor into the political scene by proclaiming that he had decided to transfer to the peasants all the cultivable lands belonging to his late father and more recently transferred to his care. The land transferred would be paid for on a long-term instalment system, and the resulting sums would be used to help the peasants to improve productivity and to found agricultural companies. This announcement was greeted with approval by the whole press. It has aroused alarm among big landowners, and fear that the Government may introduce general legislation on the subject is likely considerably to influence the attitude of the Majlis and the Senate towards Mr. Razmara. By the end of the month the Government had not announced its intentions in this respect but had tabled two Bills increasing the taxation of the rich: one, for land tax, alters the basis of assessment from the income of the land to the assessed value of the land and the other increases death duties to a much higher rate going up to 30 per cent. on estates of 500,000 rials passing to an indirect heir.

10. The only politically important Bill other than the Press Bill passed during the month was also a private members' Bill dealing with the imposition of martial law. The Bill as passed laid down that the Government may not proclaim martial law save in exceptional circumstances and then only with the approval of the Majlis. If the Government is obliged in an emergency to declare martial law anywhere it must obtain the covering sanction of the Majlis within seven days; the proclamation of martial law during elections is forbidden. The National Front exerted themselves to secure the passage of the Bill partly because of the election provision, and partly because the Government cannot now maintain martial law indefinitely. The Prime Minister for his part was not opposed to the Bill since it preserved his essential point—that in an emergency the Government can declare martial law.

11. The Majlis also passed a Government Bill for the construction of the Ahwaz-Shiraz road. Among Bills tabled was one for a Five-Year Plan of road construction.

12. The Seven-Year Plan has had a difficult month. The Majlis Commission appointed to control its activities has had a restrictive effect and has also insisted on substantial salary and staff reductions. There was general uncertainty as to its future after the cancellation of the contract of the American advisory firm, Overseas Consultants Incorporated, on the ground that the plan could not afford the dollars for their salaries. Their leader, Mr. Thornburg, saw fit to declare in a public statement that the Anglo-Iranian Oil Company were responsible for most of the economic misfortunes of Persia, thereby demolishing with one blow much of the patient work of the American and British Embassies to convince the Persians of the reality of Anglo-American co-operation.

13. The Government's financial difficulties forced it to raid the Seven-Year Plan's funds again to the extent of £1 million, and salaries of Government employees fell into arrear for the Persian month ended 20th January, though most of them had been paid by the end of January. It became evident that the Persian Government, having already dipped as deeply as it could into funds of Government institutions in its efforts to cover an increasing gap between revenue and expenditure, would have to draw further on the Bank Melli if salaries were to be paid. The cash balance of the bank showed a slight improvement in

the middle of the month but Government drawings eventually reduced it again to a precarious level, and caused the Prime Minister to give serious attention to a proposal to increase the note issue.

14. The problem of the future of the British Bank of Iran and the Middle East was the subject of extensive press comment as a result of reports that it intended to close down in Persia. Discussions with the Government and the Bank Melli to find a formula which would enable the British Bank to continue operations made little material progress, but there were signs that the Government were disposed to go some way towards meeting the bank's requirements. A further step was made towards solving the difficulties of Sir Alexander Gibb and Partners in regard to the Tehran Water Supply scheme, when the Senate approved a Bill which would have the effect of permitting payment both of past and future fees on a satisfactory basis. The Bill was subsequently approved by the Majlis Commission and is expected to come up for debate in the Chamber in a few days' time. Another development during the month affecting British interests was the conclusion with a British firm of an important contract for urban electrification and of a preliminary agreement for the construction of

deep wells for irrigation on a large scale. Long-term credit was offered in both cases.

15. A scheme originally proposed by the Trade Union Joint Committee for the erection of several thousand workers' houses at Farhabad (a suburb of Tehran) has been temporarily held up through a dispute over ownership of the land which the Shah had agreed should be allocated from the Pahlavi Endowed Estates. The Minister of Labour has stated that someone had since claimed to have been the owner of the land prior to its confiscation during the Riza Shah régime and that the courts had accordingly been asked to determine the matter. It is possible, however, that another alternative site for the housing scheme will shortly be secured near Tehran.

16. I am sending copies of this despatch to His Majesty's Ambassadors at Washington, Moscow and Bagdad, to the Commander-in-Chief, East Indies, the Senior Naval Officer, Persian Gulf, the Political Resident, Persian Gulf, the United Kingdom High Commissioners at Delhi and Karachi, the Head of the British Middle East Office, Cairo, and to all Consular Officers in Persia.

I have, &c.

F. M. SHEPHERD.

EP 1461/2

No. 12

SALE OF PAHLAVI FOUNDATION LANDS

Sir F. Shepherd to Mr. Bevin. (Received February 14)

(No. 50)
Sir,

Tehran,
February 12, 1951.

With my despatch No. 38 of the 29th of January I had the honour to send you a French translation of an Imperial firman dated the 27th January announcing the Shah's decision to sell the Pahlavi Foundation lands to the peasants farming them. I now send you for convenience of reference a French translation of the firman of 3 Isfand 1328 (22nd February, 1950) referred to in that of the 27th January, 1951, and an English translation of the 20 Tir 1328 (11th July, 1949) referred to in the earlier firman.

2. In his despatch No. 233 of the 28th June, 1949, Sir J. Le Rougetel reported the bad impression which had been created by the decision to place certain of the properties of the late Riza Shah at the dis-

posal of the Imperial Organisation for Social Services, the President of which is Princess Ashraf. The Shah, always inclined towards agrarian reform, was not unaware of this feeling and it was therefore no surprise when in a speech on the 19th November, 1949, to the Persian colony in Washington (reported in Sir J. Le Rougetel's despatch No. 406 of the 24th November, 1949) the Shah expressed his belief that the lands transferred to the Imperial Organisation for Social Services should be sold to the peasants against long-term repayment. This remark of the Shah's together with his subsequent statement at a press conference that the Government should buy up large private properties aroused the opposition of the land-owning class who were naturally fearful for their own interests. Although the Shah remained wedded to his idea of

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land distribution among the peasants he did nothing further to implement it; indeed, his firman of the 22nd February, 1950, reaffirmed that the income of the lands (less 30 per cent. for "ploughing back" and the money required for building the Riza Shah mausoleum) should be placed at the disposal of the Imperial Organisation for Social Services. For some time past his ideas had seemed to run on the lines of first developing and modernising his properties and then transferring them to the peasants. His recent decision suggests that he now regards the need to give a lead in the matter of the equalisation of wealth as being of overriding importance.

3. The impact on the political scene has been very great. Liberal and reformist elements see in the Shah's decision the beginning of a process which may alter for the better the whole economic, social and political structure of Persia; the great landowners and those who depend on them are alarmed and are seeking to prevent and forestall the promulgation of analogous legislation applicable to their own estates. At the same time it will be virtually impossible for the landowners in the Majlis, who probably constitute a majority in that body, not to give at least lip-service to a measure which commands genuine popular support. It is therefore unlikely that there will be overt opposition though this does not rule out obstructionist and delaying tactics at which the Persians are particularly adept.

4. In the excitement of the moment there is a tendency to overlook the great practical difficulties attending agrarian reform on a large scale. The Shah's properties are thought to number some 4,500 and, even with the utmost diligence on the part of the Commission which he has appointed, their disposal must necessarily take some time. It will be essential, if the peasants themselves are not to suffer and agricultural output not to fall disastrously, that adequate arrangements for the supply of water, seed, draught animals and implements be made by the establishment of co-operatives. The Shah is known to have this point in mind and the Prime Minister told me a few days ago that, before he proceeded to elaborate and apply general legislation, he would try to establish co-operative organisations throughout the country. He expects to be able to do this through the Agricultural Bank without going to the Majlis for specific sanction.

5. In the meantime it is essential that the effect of the Shah's decision shall not be overwhelmed by the doubt and negation

which obsess Persian politics and that he should start the process of transfer in a few sample places. It is therefore very satisfactory that his representatives are already at work in the district of Varamin, south-east of Tehran, and are preparing to transfer his lands there in the near future.

6. I am sending copies of this despatch to His Majesty's Ambassadors at Washington and Moscow and to the British Middle East Office at Cairo.

I have, &c.

L. F. L. PYMAN,
(for H.M. Ambassador).

Enclosure 1 in No. 12

Extract from "Le Journal de Téhéran" of
7 Esfand 1328 (26th February, 1950)

FIRMAN IMPÉRIAL

"Par la grâce du Tout Puissant, Nous Pahlavi, Chah-in-Chah de l'Iran.

Vu l'intérêt que Nous portons au progrès de l'agriculture, de l'hygiène et de l'instruction, Nous avons, dès Notre accession au Trône, mis les propriétés, immeubles et fabriques que Sa Majesté Impériale Notre Auguste Père nous avait cédés, à la disposition du gouvernement afin que les revenus en soient consacrés aux progrès de l'agriculture, de l'hygiène et de l'instruction du peuple iranien. Aujourd'hui que ces biens Nous reviennent en vertu de la loi du 20 Tir 1328, Nous leur conférons, dans le but exposé ci-dessus, le nom de Fondation Pahlavi. Comme l'acte de fondation ne pourra être établi de sitôt, vu certaines plaintes que l'affectation des revenus de ces biens aux œuvres de bienfaisance ne tarde pas davantage, Nous ordonnons qu'à l'exception des 30 pour cent du revenu net qui seront consacrés à l'amélioration de l'agriculture et à la mise en valeur de propriétés en question, et des sommes qui devront servir aux frais de construction et d'entretien du mausolée de Sa Majesté Impériale Notre Auguste Père, qui fut le promoteur de toute cette œuvre grandiose, le reste soit remis à la disposition de l'Institution Impériale des Œuvres Sociales qui s'en servira pour développer son activité sanitaire et culturelle conformément à ses statuts.

Les personnes chargées de la direction de ces œuvres provoqueront Notre satisfaction en s'acquittant pour le mieux de leur tâche."

Le 3 Esfand 1328.

"M. Djalal Chademan est nommé par le présent ordre administrateur des biens, immeubles et fabriques de la Fondation Pahlavi. Il doit se mettre au travail et Nous soumettre le rapport de son activité."

Le 4 Esfand 1328.

Enclosure 2 in No. 12

The Law connected with the Transfer of Lands and Real Estates belonging to His Imperial Majesty the Late Shah to the Ownership of His Imperial Majesty Muhammad Riza Shah Pahlavi

Single Article

The lands and real estates of the late Shah which were transferred to the Government by Royal Firman on the 20th Shahrivar 1320 (the 11th September, 1941) to be used for charitable purposes (with the exception of lands on which factories have been established together with ancillary buildings and constructions, as also lands and real estate which have been recognised and will be recognised to be the property of individuals in accordance with decisions of the courts on the strength of the law connected with the transferred lands approved in Khordad 1321 (the 22nd May to the 21st June, 1942) shall from this date be the

property of His Imperial Majesty Muhammad Riza Shah Pahlavi to be called, in accordance with His Imperial Majesty's decision "The Endowed Properties of the Pahlavi Family" and the revenue thereof shall be used for charitable purposes.

The Imperial Organisation for Social Services shall be responsible for the exploitation of the properties and real estates. The Organisation shall exploit them in whichever way it deems fit and the revenue shall be used in the manner stipulated by His Imperial Majesty in the act of endowment.

This transfer shall be carried out at once in respect of lands and real estates recognised to be the definite property of the Government up to this date and in respect of the rest immediately after the publication of a definite decision by the relevant courts in favour of the Government as regards each one of them.

For the free use of the buildings definitely being used by the Government special arrangements shall be made between the Imperial Organisation for Social Services and the Government Departments concerned.

This law which is composed of a single article was approved by the Majlis on Monday, 20 Tir 1328 (the 11th July, 1949).

RIZA HIKMAT,

President of the Majlis.

5th August, 1949.

EP 1011/1

No. 13

PERSIA: ANNUAL REVIEW FOR 1950

Sir F. Shepherd to Mr. Bevin. (Received February 21)

(No. 56. Confidential) Tehran,
February 19, 1951.

I have the honour to transmit herewith a report on events in Persia in 1950. I am indebted to the Commercial Counsellor, Mr. John Walker, for the economic section.

I have, &c.

F. M. SHEPHERD.

Enclosure in No. 13

Report on Events in Persia during 1950

Monarch and Parliament

The development of constitutional government in Persia ran into difficulties

during the year under review. The Constitution was first put into practice in 1907 by the establishment of one of the two Chambers provided for, but this was taken over after 1925 as an instrument of personal power by the late Riza Shah. It was not until after his abdication in 1941 that a renewed attempt was made to organise government on a democratic basis. In spite of this short experience, the exceptional conditions of the later years of the war and of the post-war period might perhaps have brought out in Persia aptitudes for democratic government, but in the event there has been a succession of weak Governments and venal Deputies which has led during the past year to a situation of deadlock.

2. The new Majlis met in January, after new elections, which at that time had not been completed as regards the representation of Tehran itself, and the Prime Minister, who had been left over from the previous Majlis issued what had come to be almost a standard programme of worthy intentions which successive Governments had made little effective effort to put into practice. There was general dissatisfaction not only with the Sa'id Government's lack of energy and with the existing state of the administration, but also with the manner in which the elections had been arranged to suit individual and official interests. This dissatisfaction found expression in the election of seven members of the National Front, led by Dr. Mosaddiq, out of the twelve seats for Tehran, though they were only successful after the cancellation of the first election, which had been rigged against them. Soon after they took their places Mr. Sa'id succeeded in inducing the Shah to accept his resignation. It was by then already evident that the Majlis could scarcely be said to be representative of the people as a whole and that if matters were left to drift the country would fall into a chaotic condition. Members of the Majlis were, however, more concerned with furthering their own fortunes than those of the country, and the spread over a period of years of nepotism and corruption had led to enormously inflated staffs of Government departments. The Shah himself was anxious to find a way of doing something to reform the administration, but there was nobody on the horizon who seemed to possess the necessary qualifications of drive and honesty, with the exception of the Chief of the General Staff, General Razmara, and the elderly statesman, Sayyid Zia-ud-Din Tabataba'i. The appointment of the first of these seemed impolitic since there was considerable objection to a military Prime Minister, while the views of the Shah and of Sayyid Zia about the constitutional powers of the monarch differed considerably. The Shah eventually chose from among the experienced politicians available Mr. Ali Mansur, whose programme differed very little from those of his predecessors.

3. One of Mr. Mansur's first moves was to attempt to gain the support of the National Front and a bargain was struck whereby the latter agreed not to oppose certain constitutional amendments which the Shah desired and which included the grant to him of a suspensory veto on legislation, in return for the passage of legislation affecting the press, martial law

and the franchise. This bargain, however, proved barren because the Prime Minister took no effective steps to secure the passage of any of the legislation contained in it. His instructions from the Shah had included an order to secure as soon as possible the passage of the Supplemental Oil Agreement, which represented the only source of financial aid open to the country for the continuation of the work of the Seven-Year Plan. Since the Prime Minister's attempts to secure the co-operation of the National Front made no headway, he soon abandoned hope of securing the passage of the Supplemental Agreement, and staved the matter off by the appointment of a Majlis commission which was supposed to contain in equal proportions members of the various factions in the Majlis. In the event the National Front secured for themselves five out of the eighteen seats on this commission, and since they had announced themselves as strongly opposed to the ratification of the agreement and were castigating as traitors any persons who approved of it, the prospects of the ratification of the agreement were considerably reduced.

4. When it became evident that Mr. Ali Mansur had no real intention of carrying out his master's orders, the Shah dismissed him and appointed General Razmara at the end of June, two or three days before the outbreak of the Korean war. This was the second occasion on which the Shah had appointed a Prime Minister without taking the views of the Majlis and his action aroused the criticism of the members both in respect of the Shah and of the new Prime Minister himself. The latter's unpopularity was increased by the fact that he was a soldier and the consequent fear of the Deputies that he would lose no time in installing some form of dictatorship. The new Prime Minister, however, dropped his military title and gave repeated assurances that he had every intention of observing constitutional forms. By this time, under pressure from the Shah, a second Chamber had been set up as provided for in the Constitution, half the members being appointed by the Shah himself, the other half being chosen by a system of indirect election based in the first stage on universal suffrage. His Majesty hoped that by this means he would provide some check on the increasingly irresponsible habits of the members of the Lower House.

5. Mr. Razmara's programme reflected certain projects which had long been in the Shah's and his own mind. The chief of

these was the decentralisation of the administration by means of the setting up of provincial councils, and the Prime Minister's intention was to put some such scheme into effect as an initial measure. He thought that, having secured a certain popularity by such legislation, he would be in a better position to make headway against the growing body of public opinion hostile to the ratification of the Oil Agreement and thus secure its passage at a later date. Although the agreement had been signed in the summer of 1949, successive Governments had taken no measures to explain or defend it in public, and since the Oil Company is a perennial target for criticism, a considerable body of public opinion had come to the quite uninstructed but natural conclusion that the Supplemental Agreement provided less advantages to Persia than should have been obtained. The National Front had already taken advantage of this state of mind to bolster their policy, which appeared to consist of obstruction of all Government measures. They were the more successful in this since they appeared to contain in their ranks almost the only successful demagogic orators in the Chamber.

6. The Prime Minister was aware of the strength of the resistance to his plans and in particular to his decentralisation proposals, but started his period of power with the intention of forcing them through. In case of opposition he proposed to advise the Shah to dissolve Parliament. During the period between dissolution and new elections his plan was to institute in practice some of the decentralisation proposals which he would later incorporate into the necessary legislation. The Majlis, however, became aware of the danger of dissolution and balked the Prime Minister's intentions by receiving the decentralisation proposals and referring discussion of the regulations which they contained to a commission. The Prime Minister was thus able neither to continue with his project nor to secure a sufficient reason for a dissolution. About the same time there appeared the report of a commission which had been appointed to consider the integrity of a large number of Government servants and prominent persons. The report divided the dossiers of those whose careers had come under consideration into three categories, the third of which recommended that the persons listed in it were not worthy of receiving further Government employment. This list contained a number of very prominent personalities and although the

Shah himself was anxious that the recommendations of the commission should be carried out, there was considerable criticism and eventually Parliament managed to discover that the commission had acted in some ways illegally and the entire report was quashed. The Prime Minister was thus foiled by Parliament in his attempts to decentralise the administration and to secure a certain measure of honesty in public life. He continued, however, to set his face against the corruption by means of which previous Prime Ministers had managed to secure a parliamentary majority; he approved neither of spending public money on parliamentary measures whose main object was the enrichment of Deputies and their friends, nor of increasing the number of public servants by finding jobs for their relatives. This attitude did not, of course, endear him to the Deputies, and his own political inexperience tended to exacerbate relations between the Majlis and the Government. The members of the Cabinet had been chosen more for their ability to conduct the affairs of their departments than for their political astuteness or the extent of their following in the Majlis, and the Prime Minister's somewhat cavalier treatment of both Houses, combined with the political inexperience of himself and his colleagues, led to a very uneasy political situation.

7. In these circumstances, the Prime Minister's ostensible majority were in no mood to defend the Government against the pseudo-patriotic outbursts of the National Front and the latter accordingly increased their influence in Parliament and, incidentally, in the country out of all proportion to their numerical strength. They embarked on a campaign against the Oil Company which gained violence to a point where certain editors of Opposition papers had to be arrested on charges of incitement to violence. The National Front Deputies, together with a selection of journalists, then took sanctuary in the Majlis and pursued their campaign against the Oil Agreement and for an alteration in the press laws with undiminished vigour. The bringing of the oil question on to an emotional plane so cowed the majority Deputies that it became clear to the Government that there was no chance of securing the ratification of the agreement. The Finance Minister was put up to make a token defence, at the end of which he announced that the Government would withdraw the agreement from Parliament. This speech aroused a storm of disapproval,

very largely because Deputies counted on keeping the oil question in their own hands as a means of bringing pressure to bear on the Government. They unanimously expressed their disapproval of the Finance Minister's speech and he was obliged to resign. As a result of the excitement aroused by these developments, the Shah took a personal hand and exhorted the Deputies to work together in the common good and to support the Government, an exhortation which had little more than a superficial effect.

8. The situation at the end of the year, therefore, was one in which the Shah and his Prime Minister had been during the course of the year attempting to secure the passage of legislation to decentralise and rationalise the administration, to make a start with the purging of corruption and to secure the necessary funds for the development of the country by the ratification of the Supplemental Agreement. Parliament, on the other hand, had shown itself unwilling to give effect to any legislation which threatened their own personal interests and had been bullied by a small but vocal minority into refusing a remunerative oil agreement at a time when the national finances were low. Members engaged to a large extent in mutual recriminations which took up most of the time of the House and neglected their legislative duties to such an extent that well over 100 Bills remained unregarded on the table of the House. There seemed no way in which the Government, while adhering to its determination to avoid corrupt practices, could secure the co-operation of the Parliament, and the representatives of the people presented a picture of an elected body engaged in the suffocation of every effort at useful legislation.

9. While the main body of the Deputies were pursuing the kind of self-interested policy which had characterised recent Parliaments, there remained two overt influences which could be said to have a definite programme. On the one hand the National Front, so far as their policy could be definitely ascertained, believed that the condition of the country, and the excessive difference between the rich and the poor, could not be remedied without a further weakening of the executive coupled with the removal of most of the present office-holders. Their policy admittedly was to reduce the country to chaos in the hope that something better would emerge and they appeared to have little concern for the

dangers which would threaten the country while their expected phoenix was being hatched. They appeared to lack any plans for the economic development of the country. The Shah, on the other hand, had a number of definite ideas for reform which included, in addition to the decentralisation of the administration, land legislation intended to limit the maximum size of holdings and to provide assistance for the creation of a landed peasantry. He desired also to deal with the corruption of the administration and to reduce the Civil Service to efficient and manageable proportions. Mr. Razmara appeared to share his views, but his determination and political ability were insufficient to make headway against the inertia of the majority backed by the demagoguery of the National Front.

10. The Shah himself continued to hold sensible and progressive views. While anxious to govern in a constitutional manner he was acutely aware of the shortcomings of the Parliament and the administration and determined to retain sufficient powers to guard against the possible results of an inefficient and venal governmental machine. He remained popular with the people, but his influence in political matters tended to wane because he was considered to intervene too frequently in political matters, especially in high appointments, and because the Royal Family were also considered to intervene too much in politics and to be enriching themselves unduly.

Internal Conditions

11. At the beginning of the year Persia had suffered from two severe winters and unemployment and discontent were rife. The Communist Tudeh Party, although declared illegal as a result of the attempt on the Shah's life the previous year, was still active underground. Conditions, however, improved during the course of the year (see Economic Section) and discontent became superficially less acute, although little was done towards securing long-term remedies for what are obviously likely to be recurrent difficulties. There was a riot in April, at the Shahi textile works in Mazandaran, in which several people were killed, and there were two political murders in the course of the year. In September the Javanrudi tribe of Kurds revolted against an order to return their rifles to the military, but this incident was duly dealt with and, in spite of rumours to the contrary, there seemed little reason

to think that it was due to Communist inspiration. At the same time Tudeh Party activity continued unabated. Their newspaper and pamphlets, clandestinely printed and distributed, maintained and possibly increased their circulation. Towards the end of the year eleven prominent Tudeh prisoners escaped from a jail in Tehran by means of the complicity of the officers on guard.

12. In the early days of May the body of the late Riza Shah was brought back with great ceremony to Tehran and buried in a special mausoleum erected at a small town near the capital. Most countries appointed special missions for the occasion, and detachments of troops were sent from neighbouring countries. The Soviet Union and its satellites did not take part in the proceedings.

Economic

13. Economically the year was one of contradictory trends. A good harvest produced a marked improvement in essential food supplies and enabled the Government to build up ample stocks of wheat. Despite a seasonal rising tendency towards the end of the year, the winter commenced with the prices of essential foods taken as a whole appreciably lower than a year previously. Unemployment was also considerably less, especially in Azerbaijan. Imports were maintained at a high level and business turnover increased. As a further and substantial item on the credit side, the export trade showed a long overdue recovery in response to the sharpening of world demand for many Persian products. These favourable elements would have created a satisfactory economic condition were it not for the severe stresses set up by the increasing budget deficit, the deflationary policy pursued by the Bank Melli, the sharp and disturbing fall in the Bank Melli's cash balance towards the end of the year and the drawing down of the foreign exchange reserves. The shortage of money held up private as well as Government-development projects and prevented a healthy expansion of commercial activity and a revival of consumer demand. A dangerous situation was thus developing as a result of a clash between internal deflation and the external inflationary pressure of rising prices of both exports and imports. With habitual reluctance to face up to realities, the Government refused to read the danger signals, and by the end of the year had

taken no practical steps to ease the strain on the country's economy.

14. The Seven-Year Plan almost foundered on the rocks of inadequate funds, administrative changes, parliamentary intervention and public criticism of its slow progress. The Government's financial difficulties forced it to dip into the resources of the Plan Organisation, which carried out less than one-half of the work planned for the year, apart from certain emergency activities such as unemployment relief. Railway construction and the burdensome industries inherited from the defunct Industrial and Mining Bank continued to absorb most of its revenue, but extensive and successful action was taken in pest control and malaria campaigns.

Foreign Affairs

Soviet Russia

15. The Soviet Ambassador returned to Persia in January after an absence of about a year. During the early part of 1950 Soviet hostility to Persia continued, and the U.S.S.R. succeeded by repeated diplomatic protests, attended by the usual publicity, in securing the withdrawal of a project by the Seven-Year Plan for an aerial survey of possible oil-bearing areas in North Persia, for which foreign concerns, including British and American firms, had sent in tenders.

16. In August, however, the Soviet Ambassador intimated that Moscow was prepared to enter into negotiations with Persia for a trade agreement. The Prime Minister agreed, provided that the agreement was on a barter basis and that the exchange of commodities would be carried out through five companies specially set up for the purpose. He further stipulated that an agreement must be come to with regard to the payment to Persia of some £12 million worth of gold and dollars due to her on account of rials supplied to the Soviet Occupation Forces during the war. The initiative on the part of the Russians was received with great relief in Persia since events in Korea had not unnaturally created a good deal of anxiety, although in fact this anxiety was less in Persia itself than it was at that period in Europe and America. The trade agreement was signed on 4th November and received with disproportionate joy. It was evident that the Soviet Union had decided to adopt new tactics towards Persia. The bad harvest of the previous two years combined with the weakness of successive Governments and their failure to take any

measures to improve the lot of the population had created what must have seemed to the Russians to be the nucleus of a revolutionary situation. The good harvests of 1950, combined with the coming to power of Mr. Razmara and the evident intention of the Shah to press forward with reforms, seemed to have induced the Russians to abandon any immediate attempt at creating a situation in which a Communist revolution could be worked up. Their change of attitude from one of hostility to friendship was clearly designed to create a revulsion of feeling in favour of Russia and to weaken Persian will to resist. It may also have fitted the general Russian policy exemplified by the sponsoring of the Stockholm Peace Appeal and the Partisans of Peace. The peace campaign itself resulted in the securing of large numbers of signatures without its having any very great political significance. By the end of the year, however, Russian tactics had so far succeeded that there was considerable talk of the possibility of Persia remaining neutral in a third World War.

United States

17. The Shah visited the United States in the early part of the year, but his visit was without practical effect. The Shah himself was greatly disappointed at this negative result since he had for some time counted heavily on financial and economic help from the United States on the scale granted to Greece and Turkey. He expressed this disappointment publicly in an interview with Reuter's correspondent later in the year.

18. Mr. John Wiley, the American Ambassador, left Persia in June and was replaced in the following month by Mr. Henry Grady, who had been Ambassador to Greece. Mr. Grady's appointment led to high hopes in Persia that liberal measures of economic help would be granted to the country, and it was a disappointment when it became known in October that the only result of exhaustive surveys was to be a loan of \$25 million for the purchase of agricultural and road-making machinery, although this was supplemented by the grant of half a million dollars from the Point Four Programme. Persian disappointment with the extent of American aid, combined with the relaxation of pressure from the U.S.S.R., prompted the Persians to express freely their feeling that the United States was from the point of view of assistance a broken reed. This feeling led the Persians

to return, to a large extent, to their traditional attitude of looking on the one hand towards the Soviet Union and on the other towards Great Britain.

19. Mr. Justice Douglas visited Persia in September and spent a good deal of his time in tribal country. This innocuous visit led to great dissatisfaction in Persian Government circles who felt that the tribes had been given undue prominence and Moscow Radio took advantage of the situation to accuse Mr. Douglas of machinations with a view to the complete independence of the tribes.

United Kingdom

20. Perso-British relations were overshadowed by the oil question, which is dealt with elsewhere. Persian dissatisfaction with the provisions of the Supplemental Agreement, which very few of them understood, was concentrated partly on the large amounts of income-tax paid by the company to the British Government and partly on a suspicion that large quantities of oil were sold to the British Admiralty at unremunerative prices, thus diminishing the sums due to Persia from the company's profits. Persian hostility to the oil company extended to Britain in general because Persians are fully convinced that the oil company is in fact run by the British Government.

21. The apparent removal of Russian hostility released the Persians from a sense of dependence on Britain and America, and therefore enabled them to express the feelings which have existed for a long time in Persia. It was evident that the suspicions of British designs on the country had scarcely abated and the ideas of British imperialism which obtained before the independence of such countries as India and Pakistan continued to persist. This feeling of xenophobia was reflected in the difficulties experienced by British firms in securing the signature of contracts and the opening of credits on every occasion on which attention was drawn to the transaction in question in Parliament. Members were at the slightest excuse prepared to question the integrity of the Government in entering into contracts and any such question led inevitably to exasperating delays in completing agreements.

22. The British Bank of Iran and the Middle East found that the legislation which had been inspired by the Governor of the National Bank with regard to the conduct

of their business was having the effect of causing them losses, but demands to secure an improvement in conditions were unsuccessful by the end of the year, and the bank were considering withdrawing from the country.

23. The statements of Mr. Bevin and Mr. Acheson in May about the interest taken in the integrity of Persia were received with mild satisfaction, but opinion in Persia was sceptical of the extent to which early military aid could be afforded by the Western Powers in the case of war, while Persian confidence in the country's army was at a very low ebb. This pessimism as to the probable fate of the country during a third World War contributed considerably to the relief with which the Perso-Russian Trade Agreement was received and to the cooling of relations with Great Britain so far as they depended on an expectation of help from a powerful ally. Nevertheless, it seemed that the Persians, although they do not wish to say so publicly, retain very considerable respect for British skill in international affairs and an exaggerated opinion of the influence which British representatives could exert on internal political matters.

Pakistan

24. A treaty of friendship was signed between Persia and Pakistan on 18th February.

25. His Majesty the Shah visited Pakistan during the first half of March. This visit made a great impression on His Majesty largely because of the racial community which he considers to exist between the two peoples. He was greatly impressed by the prosperity and organisation which the British régime in Pakistan had brought to that country and he evidently now looks upon it as an example to Persia and in some

sort a proof that attempts to bring Persia to a higher level of organisation are not without promise.

India

26. A treaty of friendship was signed with India on 15th March. The Ambassador, Ali Zaheer, left for India towards the end of the year and has not yet been replaced.

Afghanistan

27. The King of Afghanistan visited Persia on his return from Europe to his own country in the month of March. The Shah made an attempt through the Afghan and Pakistani Ambassadors in the course of the summer to secure a propaganda truce between the two countries in connection with the Pakistan dispute, but his efforts proved unavailing.

Italy

28. A treaty of friendship was signed with Italy on 24th September. The Ambassador, Count Rossi Longhi, left Tehran on appointment to be Italian representative with the North Atlantic Treaty Organisation and was replaced by Signor Cerulli, an ex-Assistant Governor-General of Ethiopia.

Indonesia

29. A Minister was appointed to Tehran at the end of March.

Islam

30. An Islamic Economic Conference was held at Tehran during the summer when somewhat vague views on economic matters affecting the Islamic countries were exchanged.

Germany

31. A barter trade agreement was signed with Western Germany in November.

EP 10338/5

No. 14

SOVIET TACTICS IN PERSIA

Sir F. Shepherd to Mr. Bevin. (Received February 22)

(No. 54. Confidential) *Tehran.*
Sir, *February 19, 1951.*

I have the honour to report that I visited the Minister for Foreign Affairs on 13th February and left with him a copy of the Foreign Office paper enclosed with Circular despatch No. 08 of 31st January, which analysed the resolutions adopted at the

Warsaw Congress of the Partisans of Peace. My main object was, however, to convey to him some of the gist of Sir David Kelly's despatch No. 283 of 29th November, with special reference to events in Persia. I had read this despatch with exceptional interest not only because the analysis appeared to me, if I may say so, to be extremely sound

but also because the principles which Sir D. Kelly attributes to the new Russian tactics are certainly being applied in Persia.

2. I have always had it in mind when assessing Russian tactics and possible Russian actions that the Kremlin continues to rely on the following three principles:—

- (i) that power cannot be passed from the existing ruling classes to the proletariat except by revolution in which the ruling classes are destroyed. This doctrine appears to be held as strongly now as it was by Marx in spite of evidence to the contrary, for instance in the history of the United Kingdom in the last sixty years;
- (ii) that in order to hasten the victory of the proletariat a revolutionary situation must be created as soon as possible and wherever possible;
- (iii) that it is not only permissible but even mandatory on the Red Army to assist the proletariat when disturbances break out as a result of the creation of a revolutionary situation.

3. It seems to me that the retention by Soviet Russia of troops in the Balkans must be to a large extent due to their desire to have troops on hand in case a revolutionary situation could be created, for instance, in France and Italy, as well as to reinforce the application of Communism as the result of the revolutionary situations already created in the Balkan countries. It would follow from this that the converse proposition would also be true, namely that the Red Army would not be used except for the assistance of a revolution, unless of course there were an attack on the territory of the Soviet Union or a well-defined threat of such an attack.

4. The adoption of new tactics by Soviet Russia suggests that they have in the meantime given up hope of producing a revolutionary situation beyond the borders of their present satellites. The action of the North Koreans does not seem to contradict this doctrine since there was every likelihood that if it had not been for the prompt reaction of the United Nations there would have been little difficulty in establishing a Communist-controlled Government for the whole of the country as a result of the action of the North Korean army. May it not even be that Chinese support of the North Koreans may partly have been actuated by the belief that Korea was ripe for Communism, quite as much as by any genuine fear

that United Nations advances constituted a real danger to Communist China?

5. I cannot help feeling that the unlikelihood of Russia beginning an aggressive war either in the West or the Middle East is reinforced by the realisation that there does not exist in the countries which would be threatened a sufficient nucleus of reliable Communist administrators to secure a stable Communist Government. Nor have the Russians at their disposal sufficient politically reliable and trained administrators to force a Communist Government on a reluctant people. The examples of the purges in Russia itself and in the satellite countries suggest that even the most promising breeding grounds for Communism require as much force and energy as can reasonably be expected from Communist Russia, so that the prospects of holding down Western Europe in the form of Communist States must be regarded by the Russians with great misgivings. I am inclined to think as a consequence that the danger point with regard to a third World War is more likely to arise from a progressive weakening of the allegiance of the present satellites and the possible emergence either of a more widespread Titoism or a definite anti-Russian movement. Such developments in these countries might quite well so convince the Russians of their danger as to precipitate a third World War.

6. It seemed to me always fairly evident that the increased power of Russia after the second World War would bring the confines of their influence proportionately further than was the case after the first World War and that those confines should be evident within a period of about five years. It must seem to the Russians that their victorious advance has reached a limit, not only because of the emergence of Titoism in Yugoslavia itself but because of the failure of the fomentation of Communism in Western Europe and elsewhere. It was accordingly to be expected that Russia would either come to the conclusion that the limits of her new empire were sufficient and that she would revert to some form of activity comparable to that of the Comintern after the first World War, or that she would adopt some new tactics suitable to the new conditions. It would seem that she has chosen the latter course but it is none the less a matter for congratulation that the Kremlin has at any rate realised that the furthest likely extent of the Communist tide has now been reached.

7. This general pattern appears to have applied as much to Persia as to Western Europe. The presence of Russian troops in Northern Persia gave to the Kremlin an opportunity similar in many respects to those which she found in Eastern Europe to secure a Communist-minded Government at least in Northern Persia. It was perhaps mainly the fact that Azerbaijan formed an integral part of the territory of an ally who was herself not prepared to yield herself to Communism that was the main factor in giving sufficient strength to the reaction of the United Nations to secure the withdrawal of Russian troops and the overthrow of the so-called Democrat régime. The continued hostile attitude of Russia since that period leads one, however, to believe that the Russians were hopeful that the difficulties of the post-war situation might present an opportunity to create a revolutionary situation in the whole of Persia which would result in a revolt which the Red Army might feel justified in supporting. If the Kremlin has now changed its tactics with regard to Persia, in a manner comparable to those being pursued with regard to Western Europe, I think that this is not merely that the Russians are seeking tactical uniformity but is, as in Western Europe, a sign that the Russians have for the present abandoned the idea that Persia is suitable soil for a revolutionary situation based on discontent with social and economic conditions. It is true that in fact what improvement there has been during the last year has been to a great extent due to a good harvest. It does, however, seem to be the case that the general discontent and misery that prevailed a year ago has diminished and that there is a better atmosphere with regard to the Shah and his Government than could be said to exist up to recently.

8. I have said in previous despatches that it appeared that the revised Russian tactics were aimed at reducing the fear of Russia on the part of Persians and thus reducing their will to resist. In saying this I do not intend to convey that the will to resist comprises only a slackening of the desire of the Persians to resist with military force an attack on their territory. It is evident that what is aimed at is equally a softening of the will to resist Russian and established Communist influence and it has been very much in my mind that there was some danger of the new tactics resulting at some period in a Government which the Kremlin could look upon as friendly.

9. It is unfortunate that the behaviour of the National Front would appear to some extent to be based, whether consciously or not, on the first of the Marxist principles which I quoted at the beginning of this despatch. The inequality between rich and poor in Persia has persisted for so long and the corruption of the present Majlis and civil service is such that the National Front are behaving as if they believed that reforms are not to be expected unless matters are pushed to such a state of confusion that some kind of revolution must result. They do not appear to consider the extreme danger that if such conduct succeeded it would be an invitation to the Russians to take advantage of the resultant chaos. Their policy, however, must be most agreeable to the Russians and it is particularly unfortunate that the National Front should be able at the present juncture to make use of the easy and popular slogan of nationalisation of the oil industry at a time when the Persian attitude to Russia is exceptionally favourable owing to the recent removal of hostile pressure.

10. The present situation accordingly has elements of danger which may be summarised as follows:—

- (a) The removal of the pressure of Russian hostility has created a feeling of revulsion in favour of Russia.
- (b) The dependence of Persia on help from the West which was obviously acute during the time when Russia was hostile has now receded so that feelings of irritation towards the West which had to some extent been suppressed during recent years have now been allowed full play.
- (c) The lack of progress with the Seven-Year Plan combined with the small amount of help received from the United States has somewhat embittered the Persian people.
- (d) The lack of a strong Government majority and of organised moderate parties has led to the well-known political phenomenon of the strengthening of both wings. People who are anxious for reforms have only a choice, as far as coherent political parties are concerned, between the National Front and their negative policy, and the Communist Tudeh Party, which is at present suppressed. The Centre includes not only moderates but reactionary landlords and consists, as already indicated, of

small parliamentary groups without any cohesion.

11. All these dangers combine to provide a suitable ground for the new Russian tactics. The removal of Russian hostility, is, I think, having the effect intended by the Russians of switching the fear of war from that of Russian aggression towards that of Western action which would have the effect of precipitating a third World War. No sensible Persian believes that the West has any territorial designs on Persia but they are afraid that the conduct of world politics by the West may lead to a war in which a Russian attack on Persia would be one of the first steps. There is, therefore, a tendency to think in terms of Persian neutrality, in the hope that, if this neutrality is able to persuade the Russians of Persian friendship for the U.S.S.R. and her benevolent neutrality in case of war, the invasion of Persian soil by Russian troops may be staved off.

12. I feel, however, that although these dangers exist at present they represent a transitional state of mind due to a great extent to the development of the international relations of Persia since the war. As I have previously suggested it would seem that the Persians, having lost faith in the prospect of American financial help, are returning to their traditional attitude of holding the balance between Russia and Great Britain. The influence of Britain is still considered by most Persians to be extremely strong politically in spite of the fact that Pakistan and India are no longer integral parts of the British Empire. Any weakening of British strength on this account is I think held by Persians to have been more than made up by the backing of the United States, even if the latter country is not regarded as having a very strong direct interest in Persia. It is I think fair to assume that the present attitude of friendliness towards Russia does not go very deep and that the traditional suspicion of that country by the Persians remains latent and needs only a small cause to revive it. It is of course difficult to say how long the present phase will last but while it does it

is important that we should not only do our best to emphasise our friendship and interest for Persia, but also make it clear that we still possess considerable material force. So far as British influence is concerned, it is true that the revulsion of feeling against the United States has at any rate had the result of restoring confidence in the political wisdom of the United Kingdom, a virtue which has been undoubtedly greatly strengthened in Persian eyes by the conduct of His Majesty's Government in the Korean war and the international difficulties attending it. It is perhaps this belief in British political wisdom that must be the main factor in restoring the situation. As regards material forces, I trust that the expected visit of the Commander-in-Chief, Middle East Land Forces, in the near future will do something to restore confidence even if it will not be possible to give the Persians any definite promises of assistance. The visits of the Commander-in-Chief, East Indies Stations, in H.M.S. *Mauritius* to Abadan recently, together with the presence of ships of the Indian Navy in addition to our own in the Persian Gulf and my recent visit to the South which coincided with that of the Commander-in-Chief, have also had a certain effect.

13. In conclusion and reverting to my visit to the Minister for Foreign Affairs, I took occasion to congratulate Monsieur Raïs on the evident belief of the Russians that a revolutionary situation no longer exists in Persia, and went on to warn him of the tactics of the Russians in attempting to turn people's minds favourably towards Russia by means of vilification of the West and the suggestion that a monopoly of peacefulness was held by Russia. I expressed regret that the attitude of Persia as expressed in the Majlis and the press had become less friendly to Britain especially in connection with such matters as the Oil Agreement and the difficulties of the British Bank, and warned him that in the present circumstances it was especially important for Persia to retain friendly relations with the West.

I have, &c.

F. M. SHEPHERD.

No. 15

REPORT ON THE SITUATION IN CONNECTION WITH THE SUPPLEMENTAL OIL AGREEMENT

Sir F. Shepherd to Mr. Razmara

Tehran,

February 23, 1951.

Your Excellency,

The situation in connection with the Supplemental Oil Agreement has attracted the attention of the British House of Commons and a question was asked on the subject on February 21st. The reply was to the effect that the British Government cannot remain indifferent to the affairs of so important an industrial undertaking as the Anglo-Iranian Oil Company and it will be noted that attention was drawn to the fact that the Supplemental Agreement had only been discussed in Iran in general terms. In view of the fact that His Majesty's Government have now been obliged to take official cognizance of this matter, I feel that I should warn your Excellency that there are certain aspects of Anglo-Iranian relations which have been causing considerable concern.

2. There has been a good deal of criticism in Iran of the Western Powers including the United Kingdom for not having provided the post-war help to which Iran felt that she had a right. So far as financial help is concerned, it seems to have been forgotten that the British Government has paid £8½ million for usage of the Iranian railway system during the war and that the British Government were quite as anxious as the Iranian Government to support an increase in royalty rates for oil which would correspond in a just and reasonable manner to the post-war conditions of the oil industry in Iran. The resulting agreement would not only have brought the Iranian Government a lump sum of over £40 million but would have secured an income in good years from royalties and participation amounting to something like £30 million sterling. It is certainly the fault neither of the British Government nor of the Anglo-Iranian Oil Company that this agreement, which was more advantageous than any other in the Middle East, was not brought into effect. Nevertheless, owing to the difficulties in which the Iranian Government found themselves as a result of the non-ratification of the Oil Agreement, the British Government last summer offered a loan and after the withdrawal of the Supplemental Agreement from the Majlis the oil company itself

arranged for payments on account of royalties amounting to £28½ million during 1951, as well as agreeing to deposit £10 million sterling with the Bank Melli in order to assist the Iranian Government with its proposal to increase the note issue. Furthermore the company have expressed their willingness to examine an arrangement on a fifty-fifty basis, comparable with that recently reached in Saudi Arabia.

3. None of these gestures with regard to oil or a loan have been made public and a state of public opinion has been allowed to grow up which has been hostile to the oil company, and as a corollary to Great Britain. Nor has the Iranian Government taken any steps to impede this development. A situation has accordingly been allowed to arise in which the Government is faced with a political demand for nationalisation of oil supported by organised anti-oil company demonstrations, the propaganda of which is founded on misrepresentation and ignorance.

4. This state of affairs, combined with the menacing financial situation of the country, has led to a crisis when it is necessary in the interests of Anglo-Iranian relations as well as of the safety and progress of Iran itself, that measures should be taken to instruct public opinion. It can scarcely be expected that the British Government can countenance a campaign in favour of nationalisation of the oil industry in defiance of the country's contractual obligations. Apart from the practical impossibility of anything of the sort, it is inadmissible that the efforts both of His Majesty's Government and of the oil company to assist Iran should not only be ignored but should be turned to the disadvantage of both. I feel therefore that the time has come when a strong line of conduct should be adopted by the Iranian Government in order to explain what has already been done to help Iran and to make sure that future discussions on the subject of oil should be conducted in a reasonable spirit and in full knowledge of the facts.

5. I fear that the apparent willingness of Iranians to permit themselves uninstructed criticism both of the oil company and of Great Britain is founded on past prejudices

which take no account of the immense service to mankind in general of the British people in recent times. It is to my mind most regrettable that public opinion in Iran should, as is apparently the case, cling to the out-of-date conception of England as a Power anxious to impose imperialism and colonialism wherever it can. Such an attitude not only takes no account of the achievements of the British Empire and Commonwealth of Nations in recent years, but furthers the designs of

those who wish to spread suspicion and dislike of the free nations.

6. I venture to write to you this letter because I feel that, as I have said above, a critical moment has arrived and that only strong action to instruct public opinion in such a manner as to draw the attention of the country to the critical situation can bring about a solution.

I have, &c.

F. M. SHEPHERD.

No. 16

ANGLO-IRANIAN OIL DISPUTE

Note Verbale to the Persian Government

Tehran,
February 24, 1951.

His Majesty's Ambassador presents his compliments to his Excellency the Prime Minister and, under instruction, has the honour to make the following communication.

His Excellency will no doubt have seen the report of the answer given in the British House of Commons to the question asked on February 21st about the present state of negotiations between the Iranian Government and the Anglo-Iranian Oil Company. This expressed the considered view of His Majesty's Government.

Relying on the security of their concession, the company have built in Iran an enormous industry to the very great and increasing benefit of Iran.

Under Articles 21 and 26 the company's concession cannot legally be terminated by an act such as nationalisation.

While the company are prepared to discuss an agreement on a basis of an equal sharing of profits in Iran, they obviously cannot be expected to do so except on the clear understanding that the term(s) of the existing concession would be unaltered. They could not enter into any such arrangement under threat of nationalisation.

The company have come to the assistance of the present Iranian Government by making substantial advances in respect of future royalties. At his Excellency's request this fact has not been published and this is prejudicial to the company. His Majesty's Government believe that the recent exchange of letters should in fairness to the company be made public.

In the light of the foregoing observations, His Majesty's Government cannot be expected to comment on any proposed resolution referring to nationalisation.

EP 1531/72

No. 17

MEETING BETWEEN HIS MAJESTY'S AMBASSADOR AND MR. RAZMARA

Sir F. Shepherd to Mr. Bevin

(No. 70. Confidential) Tehran,
February 26, 1951.

I have the honour to report that I visited the Prime Minister on February 24th, and handed him a copy of the answer to the Parliamentary Question regarding the oil situation of February 21st. Mr. Razmara said he had already seen this.

2. I then referred to the two draft resolutions of which he had given me copies

and said that I had received the previous evening instructions to make a communication to him in the terms of the note verbale which I read out. I then added that, since I had not known whether His Majesty's Government would wish to comment on these draft resolutions or on that already submitted to the Oil Commission by Dr. Mosaddiq, I had already prepared a personal letter to him which, with his

permission, I would read to him. This I did. Mr. Razmara said that he had understood the contents of both the *note verbale* and my private letter and said that there were only two courses open: one was to dissolve the Majlis and the other was to produce some formula for a draft resolution which, while paying lip service to the principle of nationalisation of oil throughout Persia would in fact authorise the Government to negotiate with the company on a 50-50 basis. He defended himself against the charge of not having explained the matter to the public by recalling that he had at an early stage of his Ministry stated that he would defend the Agreement and that Mr. Furuhar had done so but had been obliged to resign. I repeated that the facts of the matter had never been put before the public but Mr. Razmara countered by saying that there were 700 newspapers in Tehran alone and that they were very unreliable. It was all a matter of tactics. To this I replied that, as he was aware, I had not attempted to interfere with the tactics on which he had decided, although I had had considerable misgivings about them, and the British Government had acquiesced in my attitude. I was, however, convinced that if steps had been taken to enlighten public opinion the present crisis would not have arisen. I considered, however, that the situation was now such that it was essential for the whole question to be explained to the public. It was inadmissible that the present campaign of misrepresentation and abuse should be allowed to continue. Surely it was rather too much to expect that the Majlis would take a desirable line without a strong lead from the Government, which

they had never had: it was the business of the Government to provide such a lead.

3. Mr. Razmara was evidently shaken by all this, but did not show any sign of modifying his proposed course of conduct, although he agreed that the attitude of His Majesty's Government must be placed before the Oil Commission. In a further interview which I had with him this morning he informed me that after he had spoken with the majority Deputies on the Oil Commission they had agreed to ask him to attend and explain the Government's view. Mr. Razmara now had replies from various Government departments to questions which he had put to them regarding nationalisation and he proposed to communicate these to the Commission, together with the substance of the *note verbale*. He would not, however, propose to refer to the paragraph relating to the publication of the recent exchange of letters regarding advances by the oil company because he was strongly of opinion that the time was not yet ripe for this. After his interview with the Commission, he would publish his reply in the press and on the radio so that the Government's view should be known. If by any chance the Commission declined to invite him to give his views, he would arrange for their publication nevertheless.

4. I enclose copies of the *note verbale* and my personal letter⁽¹⁾ to Mr. Razmara, referred to in paragraph 2.

5. I am sending copies of this despatch, together with enclosures, to His Majesty's Ambassador at Washington and to the Head of the British Middle East Office, Cairo.

I have, &c.

F. M. SHEPHERD.

EP 1015/22

No. 18

UNITED KINGDOM VIEWS ABOUT A NEW PERSIAN GOVERNMENT

Sir F. Shepherd to Mr. Morrison. (Received March 7)

(No. 166. Confidential) Tehran,
(Telegraphic) March 7, 1951

I should have lunched with the Shah to-day but this was postponed on account of the murder of Razmara.

2. The Minister of Labour, who is a close personal friend of the Shah, came to see me this afternoon on instructions from His Majesty who wished to have my view on the question whether he should now appoint a strong or an inoffensive ("soft") was the

word he used) Government. The Shah had discussed the matter with the President of the Majlis and the Senate and had also had a long talk with Sayyid Zia whom he saw every Wednesday morning. The two Presidents were in favour of a soft Government in order to let the excitement caused by the murder die down. In any case it was likely that martial law would be proclaimed as a precautionary measure.

⁽¹⁾ Not printed.

Dissolution of the Majlis might in certain circumstances be advisable.

3. I said that my instinct was that in a situation like the present a strong hand at the helm of the Government was needed and reason seemed to support this. If the murder were to give rise to disturbances someone was needed who could take hold of the situation. Even if things remained calm the political position was difficult and a strong personality would be required to straighten out the existing problems. But a great deal depended on the personality chosen. Alam said that he agreed about this; perhaps a military man would do. I strongly deprecated this both because of Persian dislike of military Prime Ministers and because two running would be especially unpopular. We agreed that Qavam es Sultaneh was out of the question and Alam said he thought Soheily might be a possibility. Sayyid Zia seemed, however, the most promising candidate—he had personality and determination, was respected and had an Anglo-Persian political following. I agreed.

2 [sic]. I asked whether Alam thought somebody like Sayyid Zia would be willing to take office at such an awkward moment. He thought there might be difficulties and I suggested if this were the case it might be

no bad thing to leave the Acting Prime Minister to carry on until after the Persian New Year holidays which last some time and would afford occasion for the excitement to die down.

3 [sic]. If the Shah does ask Sayyid Zia to take office there is likely to be a difference of views as to the mode of appointment. The Shah will not submit his decision to a previous vote of the Majlis and Zia will want some prior assurance of support. With this in mind I suggested that the Shah should first invite him to form a Government and only confirm his appointment after a short interval and after he has accepted. I recalled the method recently used in Holland and France.

4. As regards oil, I said that the main reason for my having asked for an audience to-day was to urge the Shah to do anything he could to secure a quick decision on lines acceptable to us. The murder of Razmara might, however, weaken the majority of the Deputies and if there was a strong possibility that the National Front would take advantage of the situation it would be better to guide the Commission towards examining more closely Government arguments and thus giving the majority of members time to recover their balance.

been shot through the head from behind. After summoning help Mr. Alam went to the Palace and informed the Shah.

3. From the assassin's remarks after his arrest it seems clear that he was a member of the fanatical religious sect called Fidayan-i-Islam (Sacrificial Warriors of Islam). It is, however, surprising that he could so easily have succeeded in his design. Mr. Alam did not see him break through the police cordon, but he must have done so in order to get near to the Prime Minister. It is all the more surprising that he should have been able to do this since they were followed by three personal detectives who must have been too far away to take timely steps to prevent the murder.

4. The Fidayan-i-Islam appear for effective purposes to be under the control of Said Abul Qasim Kashani whose character is well known to you. Although they have held one or two demonstrations in the last few weeks they do not appear to operate as a political party in the normal sense of the word. Nor have they any ascertainable programme other than to regard with loathing any form of foreign and non-Moslem activity in Persia. Their fanaticism can easily be worked on by politicians for their own political purposes. For several months now, as you are aware, the National Front have been conducting a virulent anti-British campaign and have been accusing as tools of foreigners anyone who has declined to accept in its entirety the National Front view of the Anglo-Iranian Oil Company and the British. Generally

the campaign has involved incitement to violence and the use of intimidation of Deputies. It is therefore not surprising that the feelings of a fanatic should become worked up to such a pitch that he was prepared to murder a man accused of being the tool of a foreigner nor that this event should occur very shortly after a courageous attempt by the Prime Minister to explain the facts of the oil situation to the Majlis Commission and the public.

5. The murder has in general been condemned by the press and by responsible people, even the near-Communist paper *Navid-i-Ayandeh* declaring its abhorrence of acts of terror, but adding that the struggle against the oil company must continue. The newspaper, *Nabard-i-Millat*, which declares itself to be the organ of the Fidayan-i-Islam carried an exultant article insulting the late Prime Minister and praising his assassin and linking the murder with that of Hazzir. The popular reaction is difficult to assess; Persian Governments, even those of would-be reformers like Razmara, have recently shown themselves to be able to do little for the people, and it is not surprising that the latter show themselves indifferent when one of their rulers comes to an untimely end.

6. I am sending a copy of this despatch to His Majesty's Ambassador at Washington and to the Head of the British Middle East Office at Cairo.

I have, &c.

F. M. SHEPHERD.

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No. 19

ASSASSINATION OF MR. ALI RAZMARA

Sir F. Shepherd to Mr. Morrison. (Received March 15)

(No. 90)
Sir,

Tehran,
March 12, 1951

With reference to my telegrams about the murder of the Persian Prime Minister, Mr. Haj Ali Razmara, you may be interested in the following description of the event given to me by the Minister of Labour, who was with the Prime Minister at the time.

2. A memorial service was being held in the Masjid-i-Shah in Tehran in connection with the death of a prominent Mullah of Qum, and in fact the service was being held at the instigation of the Prime Minister. Mr. Alam had been to the Prime Minister's office at about half past ten to discuss matters relating to his Ministry, but soon after their conversation had begun Mr. Razmara received a telephone message to the effect that he was awaited at the Mosque. At his request, Mr. Alam went

along with him. The latter had already visited the Mosque and had noted that the approach to the main hall had been well guarded by a line of police on each side of the passageway. When he arrived with the Prime Minister these police were still in position. The Prime Minister and he walked together up the passage still discussing governmental affairs, when Mr. Alam heard the sound of a shot. The Prime Minister gave a start and Mr. Alam turned round and found a man less than a yard away from them with an automatic pistol in his hand. As he did so, the man fired again and the Prime Minister fell down. Mr. Alam thought that perhaps he was dodging the man's fire and called out to the police to hold the man, which they did, but not before he had fired a third shot. Mr. Alam then went to the Prime Minister, who was already dead, having

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No. 20

REFLECTIONS UPON THE SUCCESS OF THE NATIONAL FRONT AND OF THE IRAN PARTY

Sir F. Shepherd to Mr. Morrison

(No. 95. Confidential)
Sir,

Tehran,
March 15, 1951.

In paragraphs 1 and 2 of my despatch No. 164 (G. 101/2/109/50) of the 30th May, 1950, I gave a brief account of the reasons for the success of the National Front and of the Iran Party which is associated with it. You may now be interested in further reflections on this subject.

2. The first cause of their continued success is their appeal to the bitter anti-foreign feeling which I believe to exist in most Persians. The result of this feeling

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is that even Persians who think that it is for the good of the country to co-operate with foreigners cannot escape a feeling of guilt; the National Front are able to play on this with great success. The affairs of the Anglo-Iranian Oil Company being to the fore, they have been able to exploit the feeling of resentment which dependence on the efficiency of this foreign concern arouses in many of the educated and semi-educated.

3. Secondly, they are negative. They automatically oppose any measure brought forward by any Government. They point out that the condition of the country is bad

D 2

and are content to blame the Government of the day and the Administration without making any attempt to help to put matters right. In expressing dissatisfaction with the existing state of the country they certainly express public opinion; and their negative attitude is certainly truly representative of the political and educated classes of the country.

4. The members of the National Front having either not been in office or been in office very little are comparatively free from the taint of having amassed wealth and influence through the improper use of official positions; they can therefore attack the majority Deputies, few of whom are in the same happy condition, without fear of dangerous counter-attacks. The exception is Makki who is reported to have been discharged from the lower ranks of the air force for stealing ironware.

5. The fourth cause of their success is their cohesion. There is plenty of personal jealousy between them but over the last year they have usually acted to a common

plan and in the existing vacuum have established themselves as the only active and legal party in the country. They have shown considerable tenacity of purpose and have consistently used the oil question and are still using it as a means to bring into power a Government acceptable to them.

6. The fifth cause is their use of intimidation. Their unscrupulous and shameless exploitation of the murder of Mr. Razmara is the latest and most striking example of this. It is to be feared that the weapon of intimidation will continue to be effective until the Persian Government is able to restore its authority from its present low level and so provide individuals with the assurance that if they oppose the will of the National Front they will receive effective protection from the Government.

7. I am sending a copy of this despatch to His Majesty's Ambassadors at Washington and Moscow and to the Head of the British Middle East Office at Cairo.

I have, &c.

F. M. SHEPHERD.

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No. 21

**NOTE FROM HIS MAJESTY'S AMBASSADOR AT TEHRAN TO THE
PERSIAN PRIME MINISTER, DATED 14th MARCH, 1951**

(No. 189)

Tehran,

Your Excellency,

March 14, 1951.

As your Excellency is aware, His Majesty's Government in the United Kingdom attach the highest importance to relations of friendship and confidence in all matters between the people and Government of Iran and those of the United Kingdom; and His Majesty's Government have followed with friendly interest the plans of the Imperial Government to secure administrative reforms and to provide for the improvement of the standards of living of the Iranian people. They had therefore noted with satisfaction the conclusion of an agreement in 1949 between the Imperial Government and the Anglo-Iranian Oil Company for an increase in the annual payments to the Iranian Government, an agreement which would have secured for the Imperial Government a more advantageous return per ton of oil than that enjoyed by any other Government in the Middle East and which would have enabled the Imperial Government to proceed with its plans.

His Majesty's Government were correspondingly disappointed that this agreement could not be put into force owing to the difficulties and delays experienced by the Imperial Government in seeking its ratification by the Majlis; but meanwhile, as your Excellency is also aware, His Majesty's Government had for some time past been considering in what way the Imperial Government could be assisted in their consequent financial difficulties. It was accordingly gratifying to His Majesty's Government to know that the Anglo-Iranian Oil Company had recently voluntarily offered, in spite of the withdrawal from the Majlis of the Supplemental Agreement, to make advances of royalties to the Imperial Government as a result of which the total payments to that Government in 1951 will be some £28½ million. This sum is considerably in excess of the total payments which might have been expected during the same period under the 1933 agreement. This offer was accepted and the first instalment has already been paid.

His Majesty's Government cannot be indifferent to the affairs of the Anglo-Iranian Oil Company, an important British and, indeed, international interest. It is, therefore, with much concern that His Majesty's Government learn that the Majlis Oil Commission have indicated that they are contemplating the "nationalisation" of that interest before the expiry of the company's concession agreement. In that regard there are certain considerations to which they desire to invite the urgent attention of the Imperial Government.

- (a) It is necessary, first, to draw clear distinction between the principle of nationalisation and the expropriation of an industry which has been operating in Iran on the security of a regularly negotiated agreement valid until 1993, and, relying on that security, has in all good faith spent enormous sums of money in development.
- (b) His Majesty's Government are advised that under the terms of its agreement, the company's operations cannot legally be terminated by an act such as "nationalisation."
- (c) Under Article 22 of the agreement, the Imperial Government of the Anglo-Iranian Oil Company agreed in certain circumstances to have recourse to the good offices of the President (or Vice-President) of the Permanent Court of International Justice in connection with the nomination of an umpire or a sole arbitrator should differences of opinion occur to make recourse to arbitration desirable; that provision was made known in the court in simultaneous and identical letters addressed by His Majesty's Government and the Imperial Government to the Registrar of the Court on 17th August, 1933.
- (d) As the Imperial Government are aware, the company are prepared to discuss a new agreement with them on the basis of an equal sharing of profits in Iran; but the company evidently could not entertain any

such proposition unless they were assured that their agreement would be permitted to run its full course.

His Majesty's Government must at the same time express their regret that public opinion in Iran has apparently not been adequately or correctly informed regarding the operations and intentions of the Anglo-Iranian Oil Company. The fact is that, as your Excellency's Government are well aware, the Anglo-Iranian Oil Company have no desire other than to carry on legitimate business in association with the Iranian Government. His Majesty's Government for their part welcomed the initiative taken in 1948 by the company in proposing an increase in royalties and other benefits to Iran. The advantages of the resulting agreement, however, were never explained to the Iranian public nor was the agreement fully discussed by the Majlis, whose debates on the subject of oil have dealt with matters outside the scope of the actual agreement. The impression was allowed to arise that the Supplemental Agreement implied some prolongation of the agreement of 1933 or imposed obligations on the Imperial Government; whereas, as your Excellency is aware, this was not the case. The Supplemental Agreement would have brought substantial benefits to Iran, and it did not affect either the period or the general validity of the 1933 Agreement.

Notwithstanding the lack of appreciation that has hitherto been shown of the intentions of the Anglo-Iranian Oil Company towards the Imperial Government and people of Iran, His Majesty's Government wish, in bringing these considerations to the attention of your Excellency's Government, to express their conviction that the continued collaboration of the Anglo-Iranian Oil Company with the Government of Iran is in the best interests of the Government and people of Iran; and they earnestly hope that future discussions on the oil question will take place on a fair and reasonable basis in a friendly spirit.

I avail, &c.

F. M. SHEPHERD.

POLITICAL SITUATION IN PERSIA

Sir F. Shepherd to Mr. Morrison. (Received March 20)

(No. 229) *Tehran,*
(Telegraphic) *March 20, 1951.*
Mr. Ala presented his Cabinet to the Shah at 11 a.m. to-day. Composition is:—

Husain Ala, Prime Minister and Minister for Foreign Affairs.
Muhammad Ali Varasteh, Minister of Finance.
Shams-ud-Din Ala'i, Minister of Justice.
Ali Dashti, Minister without Portfolio.
H. Bibullah A. Muzigar, Minister of Education.
Zia-ul-Mulk Farahmand, Minister of Agriculture.
Eng Ahmad Zanganeh, Minister P.T.T.
General Ali Aszhar Naqdi, Minister of War.
Dr. Abbas Nafisi, Under-Secretary and Acting Minister of Health.

Eng. Habib Nafisi, Under-Secretary and Acting Minister of Labour.
Dr. Asfham Hikmat, Under-Secretary and Acting Minister of Interior.
Eng. Ahmat Mosaddiq, Under-Secretary and Acting Minister of Roads.
Dr. Jamshid Mufakh Klam, Under-Secretary and Acting Minister of National Economy.

2. Under-Secretary of War, General Mir Jalali, issued communiqué proclaiming martial law for period of two months and General Hizazi announced that it would take effect at 2.30 p.m. to-day. There is a curfew from midnight to 5 a.m., except for to-morrow, when the curfew begins at 2 a.m. (Persian New Year commences at about 1.30 a.m.)

3. Please inform Minister of Labour of Nafisi's appointment.

MONTHLY REPORT FOR FEBRUARY 1951

Sir F. Shepherd to Mr. Morrison. (Received March 28)

(No. 99) *Tehran,*
Sir, *March 25, 1951.*

With reference to my despatch No. 42 of the 5th February, I have the honour to submit a summary of events in Persia during February 1951.

Foreign Affairs

2. The month was a quiet one. The Irano-Soviet Claims Commission met at intervals, but so far as is known no progress was made. The work of the Irano-Soviet Boundary Commission was brought almost to a standstill by snowfalls and blocked roads. The main development was an increased tension in Anglo-Persian relations towards the end of the month owing to the difficulties of the Anglo-Iranian Oil Company.

As regards the operation of the Soviet-Persian trade agreement it became clear that the five companies through which trade was to be canalised in the northern provinces were stillborn. At the same time there were indications that trade with the

Soviet Union was beginning to develop on a private basis with emphasis on imports into Persia. The barter principle is supposed to apply to all these operations, but it is feared that Persian obligations will not be fully liquidated by the supply of goods and that rials will consequently accrue to the Soviet Union.

Internal Affairs

3. The marriage of the Shah to Miss Suraya Isfandiari took place at the Marble Palace in Tehran on the 12th February. After a State banquet a reception was held at the Gulistan Palace which some 2,400 guests attended, more than double the number who had been invited. The Agha Khan came for the wedding and stayed a fortnight in Persia. A large number of gifts were received and about 400,000 rials were contributed to the Shah's wedding fund by firms and private individuals which will be spent on the completion of a welfare hospital. But the general note was one of relative austerity, there were no large-scale

public celebrations and, though the newspapers echoed the genuine and spontaneous feelings of loyalty which the marriage evoked, the event was without political significance, except in so far as the birth of an heir would strengthen the personal position of the Shah.

4. The affairs of the Anglo-Iranian Oil Company and the deliberations of the Majlis Oil Commission dominated the month. An arrangement was reached with the Government whereby the company agreed to advance against future royalties £5 million immediately plus £2 million a month until the end of the year and at the same time to increase their deposit with the Bank Melli in London to £10 million in order to ease the financial situation of the Persian Government. These payments meant making advances at something approaching the rate which would have prevailed had the Supplemental Agreement been ratified. It was hoped by these means to consolidate the position of the Razmara Cabinet and enable it to win both a breathing space and the necessary political stability to ensure that a reasonable resolution should be the outcome of the Oil Commission's debates. The Prime Minister, however, on the plea that it was necessary to play for time, showed himself very reluctant to give any positive lead and the domination of the Oil Commission by the extremist National Front minority increased as the month advanced. On the 19th February Dr. Mosaddiq proposed to the commission that oil should be nationalised throughout Persia and that the Anglo-Iranian Oil Company should be allowed to continue exploitation "for the benefit of the nation" and under a supervisory committee of the Majlis for a period not exceeding eight months. On the 10th February General Razmara had asked the representative of the company whether some profit-sharing arrangement on a 50-50 basis might be a possible solution. But though the company had replied that they were prepared to examine such a proposal, no great effort was made to push it and one or two draft resolutions suggesting profit sharing as the basis of a new settlement received scant consideration. The National Front successfully cowed any opposition by appealing to patriotic sentiment, with threats of violence, if necessary, and, in the absence of any lead by the Government, they were the only organised body of opinion inside or outside the Oil Commission. Indeed, the Prime Minister was

himself convinced by the 21st February that it would be necessary to pay at least lip-service to the concept of nationalisation.

5. On the 24th February a note was delivered to the Prime Minister. It stated that His Majesty's Government could not be indifferent to the fate of the Anglo-Iranian Oil Company, suggested that the unratified 1949 Supplemental Agreement had been just and reasonable, reminded the Persian Government that in the view of His Majesty's Government the 1933 Agreement was still valid and expressed the hope that a friendly settlement could be reached. The Parliamentary Under-Secretary had made a statement on similar lines three days earlier in the House of Commons in answer to a Parliamentary Question. This *démarche* aroused much comment in the Tehran press and, again in the absence of a strong lead by the Government, the National Front were able to represent the step as gratuitous outside interference in the domestic affairs of the country and to gain increased influence and support thereby. The situation at the end of the month had therefore considerably worsened from the point of view of British interests.

6. Events in the Oil Commission found an echo in the Tehran press which tended to become increasingly critical of and hostile towards Great Britain.

7. The Tudeh Party marked the second anniversary of its suppression (following the attempt on the Shah's life on the 4th February, 1949) by issuing a manifesto which was published in one of the neo-Tudeh newspapers saying that its proscription was illegal and calling for the raising of the ban on the party and its affiliated organisations. The Persian Association of the Partisans of Peace has recommenced activities and a clearly Tudeh-sponsored National Association for the struggle against the Southern Oil Company has come into being. One or other of these bodies staged a public demonstration in the centre of Tehran every Friday during the month.

8. A Bill to increase the note issue lay before the Majlis without action during the month and the Government experienced great difficulty in finding the cash necessary to pay official salaries. Civil servants' pay was about four weeks in arrears, and it was expected that the financial situation would grow worse with the approach of the Persian New Year with its consequential heavy demands for ready money.

9. On the credit side, the British Bank of Iran and the Middle East was able in the

middle of the month to reach an agreement with the Government which will enable it to carry on its operations in Persia, though on a slightly reduced scale, for at least some time to come. Arrangements were also made for weekly cash payments to Sir Alexander Gibb and Partners pending approval by the Majlis of a Bill which would enable all arrears for their work on the Tehran water scheme to be paid.

10. At the beginning of the month it was announced that the Shah proposed to sell the remainder of the Pahlavi Foundation lands to the peasants farming them. This move was generally greeted as a genuinely progressive step, but while almost everyone paid lip-service, it undoubtedly embarrassed the wealthier landowning class, many of whom are members of the Majlis, who have little or no intention of emulating his example. For once the extreme Left wing was obliged to praise the measure as one of reform, though they did not hesitate to point out the difficulties which would arise unless the peasant farmers were given adequate financial help as well as land.

11. The Seven-Year Plan budget was approved by the Majlis Commission at the end of February with surprising despatch and was extended to cover twenty-seven

instead of fifteen months. The total expenditure amounts to the equivalent of £63 million, 20 per cent. of which is allocated to the "shahristans" for locally selected projects—a new departure. The commission confirmed an earlier decision to reduce the Plan Organisation's staff to 250, or about one-sixth. This drastic reduction caused chaos from which it will take the organisation some time to recover.

12. Mr. Furlonge, the Head of the Eastern Department, visited Tehran and had an audience with the Shah as well as an opportunity to discuss the internal situation with a number of leading British and Persian personalities.

13. I am sending a copy of this despatch to His Majesty's Ambassadors at Washington, Moscow and Bagdad; to Air Headquarters Iraq, through His Majesty's Embassy at Bagdad; to the Commander-in-Chief East Indies and the Senior Naval Officer in the Persian Gulf; to the Political Resident in the Persian Gulf; to the United Kingdom High Commissioners at New Delhi and Karachi; to the British Middle East Office, Cairo; and to all His Majesty's Consular Officers in Persia.

I have, &c.

F. M. SHEPHERD.

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No. 24

DISCUSSION BETWEEN HIS MAJESTY'S AMBASSADOR AND MR. ALA ON CURRENT AFFAIRS AND FUTURE POLICY

(No. 107. Confidential) Tehran,
Sir, April 2, 1951.

As I have reported in my telegram No. 257, I visited the Prime Minister on the 27th March. I said that I was glad to hear martial law had been imposed in Khuzistan. This should enable the police to deal with the agitators and restore an atmosphere in which the company could come to terms with its employees. Mr. Ala said that the Government had considered the matter very carefully at its meeting last night and had come to the reluctant conclusion that martial law was inevitable. He had regretted the necessity of imposing martial law both in Tehran and in the south and the Government had not done so in either instance without very careful thought. He had been sorry to see, however, that the Opposition newspapers had already begun

to accuse him of having taken office with the previous intention of declaring martial law immediately. No doubt this point of view would be developed and he would have to defend himself against it when the Majlis reassembled on the 11th April. I said that this attitude on the part of the Opposition seemed rather surprising since there had been indications that the National Front had been taken somewhat aback at the success of their manoeuvres and might be considering adopting a more reasonable and co-operative attitude. Mr. Ala did not comment on this but said that he was arranging to see Dr. Mosaddiq and try to find out what the future policy of the National Front would be.

2. The Government were not, he said, proposing to publish a grandiose programme, but would emphasise the need for

Persia to conduct herself as a loyal and active member of the United Nations. He would continue to try and tranquilise the situation so that the parliamentary work of the country could be carried on. He was not prepared to tolerate dealing with a Majlis which merely indulged in abuse and if he found himself unable to co-operate with them he would not continue in office. As regards foreign policy, he had thought of appointing Mr. Kazimi as Foreign Minister at the latter's request, but he had said that his ideas on foreign policy were to remain on the most friendly possible terms with Russia and to remain neutral in world affairs. Mr. Ala had said that this was opposite to his own ideas and he could not therefore consider appointing Mr. Kazimi as Foreign Minister. (I may add that Mr. Kazimi has also been, in his capacity as a Senator, a most active opponent of the Anglo-Iranian Oil Company and the Supplemental Agreement.) It was obviously impossible for any country to remain neutral nor was it advisable to cultivate friendship with Russia at the expense of that of the West. While he wished to avoid provoking the Russians, he had no intention of favouring them unduly. He criticised the late Prime Minister for having gone too far in this direction. Mr. Ala thought that since it was impossible to cultivate close relations with Russia without running the risk of imitating the fate of Bulgaria or Roumania, it was essential for Persia to turn to the West. He hoped that the West would do their best to assist Persia and repeated in a mild form the complaints that the Shah likes to make about the tardiness and inadequacy of help from Britain and America. He also mentioned the gossip in Tehran about divergencies between the British and Americans and said that he thought it important that Anglo-American co-operation should be shown to exist.

3. As regards the oil question, Mr. Ala said that the Government found itself faced with a *fait accompli* in the shape of the oil resolution. As already reported in my telegram No. 263 of the 28th March, I asked him whether this resolution required the endorsement of the Shah and he said that he did not know. It seemed to him to be merely a Majlis and Senate resolution empowering the Oil Commission to continue its mandate and that the Shah's signature would in that case not be necessary. He would, however, look into the matter. I said that it seemed as if the resolution had been treated as a law and if

this was the case, as I had pointed out before, it would seem to have been passed in an illegal manner. Mr. Ala said that this was perhaps not a very practical point since it would not be possible to go against the unanimous expression of opinion of the Majlis. Future developments within the Oil Commission would largely depend on the attitude of the National Front and he did not know what this would be. The Government would, however, probably themselves bring forward constructive proposals which might have the effect of heading off the Commission from making impossible demands. He himself wished to further his country's interests and he considered that these interests lay in practice in the continuance of the management of the southern oil industry by its present owners. He thought that if a 50/50 proposal had been made earlier it would have been possible to put it through, but now he was not so sure. He was evidently thinking in terms of some kind of nationalisation arrangement which would leave the management in the hands of the Anglo-Iranian Oil Company. He said that members were thinking in terms of a ten-year arrangement. I said that our note of the 14th March had given the views of His Majesty's Government and that it was evident that a ten-year arrangement was out of the question in view of the extensive security of tenure which was necessary when such large investments were concerned.

4. As regards the question of the note issue, Mr. Ala said that obviously additional currency notes were required, but he did not seem very clear how these were to be obtained. The withdrawal of large denominational notes was only one step and other measures would be needed.

5. I asked him about Mr. Razmara's schemes for decentralisation and he said that he was not proposing to put these forward at any rate in the same form. He thought Razmara's scheme went too far and it had the disadvantage that it was connected in people's minds with the proposals made towards the end of the war by the Foreign Ministers in Moscow. The Mansur Government had worked out a better and more moderate scheme for decentralisation which appealed to him more. He asked me whether in my opinion decentralisation was needed. I said that going around the country I had been struck by the extent to which the people in the provinces considered their interests to be overwhelmed in the centralised political atmosphere of Tehran. Dr. Iqbal, for

instance, had toured Azarbaijan for the first time for very many years and the villagers had been very grateful for this instance of some interest being shown in them by an agent of the central government. It was obviously good policy to give the provinces some hand in their own affairs and this applied especially to provinces like those in the north where the Azarbaijanis and the Kurds were the object of special propaganda attention from the Russians. I took the opportunity of deprecating the Persian habit of allowing good suggestions to be dropped merely because there was some suspicion that they had the approval of a foreign power. Surely proposals designed for the benefit of the country should be treated on their merits: there was nothing intrinsically wrong in having the same opinion as a foreign country.

6. As regards the internal situation Mr. Ala said that they had not so far been able to identify Dr. Zanganeh's assailant with any particular organisation. The recent terroristic activities, however, were obviously being taken advantage of by the Russians for their own purposes. (In this connexion he mentioned that it was thought that the Russians had a stock of bank notes of approximately 80 million rials.) The youth who had been detailed by the Fidayan-i-Islam to kill the Military Governor had apparently been told to do so for religious reasons and on thinking the matter over had found himself not convinced. He had accordingly exposed the plot to the Military Governor with the result that a number of his accomplices had been arrested as reported in my telegram No. 251. The police had not yet found Navab Safavi but Mr. Ala mentioned that they had visited and searched the house of a mullah which Safavi is known to have visited very recently. The President of the Majlis had subsequently visited the mullah and condoled with him and had in general made a fuss about the visit, as had some other prominent persons. It was, however, evident that if martial law were to fulfil its preventative functions it would be necessary for such searches to take place and this particular one had been conducted in a perfectly normal fashion.

7. I mentioned that I had sent Mr. Ala a note about the recent instruction to the British Council to close their activities outside Tehran and said I wondered whether this might not be a reflection of the closing of the Voks centre in Tabriz. Mr. Ala said he would look into the matter.

8. I also drew his attention to the decision of the Majlis Plan Commission, repeated in my telegram No. 223, to cancel a number of contracts and to turn down proposals for a good many more. I said that since the Oil Company had promised very large payments in 1951 this could not be due to economy and that it was not only unfair on individuals, but it was discouraging for foreign countries who wished to help Persia by the loan of exports. If contracts were cancelled in this manner it would be difficult for any country to begin again with the loan or the seconding of exports. The wave of nationalism had already had one practical effect in that I had seen this morning a letter from a British firm which had been interested in the exploitation of the mineral resources of Southern Persia. This firm had stated that in view of recent events in the country they were no longer prepared to consider the matter. Mr. Ala said that he thought that the reason for the Commission's decision probably was that the budget and personnel of the organisation had been drastically cut and that there had been a number of expensive experts whose salaries involved heavy dollar commitments. He also thought that there was a certain attraction to the Plan Organisation in the engagement of exports free of charge under the American Point 4. In reply I referred again to the payments made by the oil company and said that the exports that we had seconded had done a very good job of work and their total emoluments amounted to a very small sum. It was very doubtful whether it was a good thing to change horses in the middle of the stream and anyhow I was not very sure whether people really appreciated getting something for nothing.

9. I am sending copies of this despatch to His Majesty's Ambassadors at Washington and Moscow and to the Head of the British Middle East Office at Cairo.

I have, &c.

F. M. SHEPHERD.

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No. 25

(1)

ANGLO-PERSIAN OIL QUESTION

Sir F. Shepherd to Mr. Morrison. (Received April 8)

(No. 308. Confidential) *Tehran,*
(Telegraphic) *April 8, 1951.*

Under-Secretary for Foreign Affairs handed me this morning Persian reply signed by Prime Minister to our Note of 14th March. Translation follows as my immediately following telegram. It is expected that it will be published to-day.

2. Under-Secretary said that Mr. Ala had instructed him to assure me that he did not wish to close the door and that Government were considering how they could find a solution. I told him we were also considering the matter and might shortly be in a position to make proposals. We

adhered to our standpoint about nationalisation as expressed in our Note.

3. When I saw Mr. Ala on 5th April I had indicated to him that if a reply to our Note would not advance the matter we should not wish to press him for one. He said he had this point in mind but that our Note should not be left too long unanswered. It looks as if he hopes to make some political capital out of his reply. The Majlis met this morning and Ala presented his Cabinet. I understand he was satisfied with the atmosphere which he thought was friendly.

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(2)

Sir F. Shepherd to Mr. Morrison. (Received April 8)

(No. 309) *Tehran,*
(Telegraphic) *April 8, 1951.*

My immediately preceding telegram.

In acknowledging receipt of your Excellency's note No. 30 of 14th March, 1951, I wish to bring the following to your attention. The Imperial Persian Government in its turn is very anxious to maintain and strengthen friendly relations and mutual confidence in all matters between the peoples and Governments of Persia and Britain. As for the question of oil, as your Excellency is aware, the Persian Government's business is with the A.I.O.C. and that company has not raised the matter or made any statements. However, since you have seen fit to enter on this question, I consider it necessary not to leave your Excellency's note unanswered, and the following points must therefore be mentioned:—

and in spite of the warning I gave your Excellency on June 8, 1950, when I was Minister for Foreign Affairs, the company paid no attention to the justified claims of Persia and declared the draft supplemental agreement to be their maximum possible limit of concession, although events had made it clear that public opinion in this country did not consider that Bill as sufficiently assuring the rights of the Persian people.

(ii) As is known, the present position is that both Houses of the Majlis have unanimously accepted the principle of nationalisation of the oil industry and the Special Oil Commission is now studying how to put that principle into practice, in order to submit its proposals to both Houses of the Majlis for final decision. At present the Government's only obligation is to await the result of the Commission's deliberations.

(i) In spite of the changes that have taken place in the world situation in general and in the social life and public opinion of Persia in particular,

MONTHLY REPORT FOR MARCH 1951

Sir F. Shepherd to Mr. Morrison. (Received April 20)

(No. 119)

Sir,

Tehran,
April 15, 1951.

With reference to my despatch No. 99 of 25th March I have the honour to submit a summary of events in Persia during March 1951.

Foreign Affairs

2. The assassination of Mr. Razmara on the 7th March brought Persia suddenly into the headlines. The interest shown by His Majesty's Government in the fate of the Anglo-Iranian Oil Company, as evinced by parliamentary statements in London and by the note which I delivered on instructions on March 14 seemed to surprise and pain the Persian press which also grew indignant over news agency reports that the Admiralty were despatching naval reinforcements to the Persian Gulf. But the population remained on the whole calm and official contacts friendly. The United States showed concern over the Persian situation, but maintained their strict and not always helpful neutrality in the oil dispute. Russian intentions remained inscrutable and the murder of Mr. Razmara, who had been bitterly attacked by the clandestine radio, was later in a *Pravda* article attributed to the Americans and the dead man himself praised as an advocate of Soviet-Persian rapprochement. Communist propaganda, both in Persia and elsewhere, supported the demand for the nationalisation of the Anglo-Iranian Oil Company and the Russians and their partisans in Persia undoubtedly intended to profit to the full from the confusion. Persian-Soviet trade seemed to have increased somewhat, but to be conducted almost entirely through private channels.

3. On the 10th March a Pakistan Military Mission reached Tehran and held discussions with the Persian General Staff but without any very positive result. On the 20th March the Persian and Turkish Governments signed a Civil Air Agreement.

Oil

4. The month opened with the Majlis oil commission awaiting a statement of the Government's views on the feasibility of nationalising the oil industry. The religious

demagogue Kashani and the National Front were busy organising every kind of propaganda in favour of nationalisation, and were able to stage a large public demonstration on the 2nd March. On the 3rd March Mr. Razmara himself went before the commission and read out the opinions of his judicial, financial, technical and foreign affairs experts, all unfavourable to nationalisation. The National Front members of the Commission refused to accept the validity of these opinions and on the 8th March, the day after Mr. Razmara's assassination, the Commission unanimously approved a report for submission to the Majlis accepting the proposal for the nationalisation of the oil industry and requesting a two months' extension of their term of office to study its execution. It was not to be expected, after Mr. Razmara's murder and the Government's failure to react strongly to it, that the Majlis would dare to reject the commission's report and even those Deputies who had been urged by the Shah to stay away and prevent a quorum mostly did not have the courage to do so. On the 14th March I had presented the Prime Minister with a note pointing out the legal impossibility of nationalisation and reasserting the company's willingness to negotiate a fifty-fifty arrangement. The Prime Minister had promised to communicate this note to the Majlis but never did so. On the 15th March, in an atmosphere of terror and hysteria, with its galleries packed by a National Front clique, the Majlis approved the oil commission's report unanimously. Nor did the Senate prove more courageous and five days later they too endorsed the principle of nationalisation. Throughout this period the extremist press had maintained a violent campaign for nationalisation threatening murder to its opponents. Martial law and the New Year holiday then intervened and there were no further important developments until the end of the month.

Internal Developments

5. There can be little doubt that it was largely the growing movement in favour of nationalisation of oil and Mr. Razmara's rejection of it which led on the 7th March

to his assassination in Tehran's biggest mosque by a member of the Muslim-nationalist fanatics called the Fida'iyan-i-Islam under the influence of Kashani. There was no immediate and strong reaction by the Shah and the Government. The Minister without Portfolio, Khalil Fahimi, took over the premiership temporarily but failed to secure a vote of confidence from the Majlis, whereupon Husain Ala, Minister of Court, after previous refusals, agreed to become Prime Minister and secured an unimpressive vote of "inclination." He was unable to form a Government for some time. Meanwhile another attempted assassination, that of Dr. Zanganeh, Minister of Education under Mr. Razmara and Dean of the Law Faculty of Tehran University, nerved the Government to impose martial law in Tehran, though there was no evidence to connect the outrage with the Fida'iyan and it was probably no more than a symptom of the breakdown of law and order. At the same time Mr. Ala managed to form a not very durable-looking Government before the Persian New Year on the 22nd March. The usual holiday exodus, including many Deputies, Ministers and politicians, then began and the traditional festivities tended to diminish the political tension. A successfully frustrated plot against General Hijazi, the Military Governor and Chief of Police, led on the 24th March to the arrest of nine members of the Fida'iyan. Other arrests followed later and the month finished, in Tehran, in comparative calm.

6. In the south, however, a strike movement, arising out of a legitimate but unluckily-timed reduction of certain allowances to Anglo-Iranian Oil Company employees, started just before the New Year and soon, encouraged by a band of Tudeh agitators, spread to all the company's establishments in Khuzistan, except Abadan which was hardly affected. The Government proclaimed martial law in the province on the 26th March and though nearly 90 per cent. of all the company's non-Abadan employees remained out the strike continued orderly. The Government seemed reluctant to arrest the agitators who attempted, without much success, to turn the strike into a political demonstration in favour of nationalisation.

7. One of the biggest mills in Isfahan, the Risbaf, with 2,100 workers, closed down at the end of March, reportedly owing to the shortage and high price of raw cotton. Two other big mills had already closed in

previous months and the total unemployment in and around Isfahan is now estimated by the Ministry of Labour at about 14,000.

8. A recurrent anxiety throughout the month was the shortage of currency, particularly serious at a season when the Government has to pay, in addition to the normal monthly salaries, the bonuses customary at the New Year. The Persian note issue, which has 100 per cent. coverage, is fixed at an absolute level which cannot under existing legislation be exceeded, even if the necessary additional cover is available. The Government had during the month introduced legislation to allow the issue of up to a further 2,000 million rials of notes but the Majlis obstructed its passage and the most they would agree to was a Bill withdrawing notes of the larger denominations, in the hope that this, by blocking some part of the existing currency, would permit fresh issues from which Government payments could be made. As a result of the note shortage, the Bank Melli's cash reserves fell to a low never previously reached in recent years. The bank's liquidity was threatened and the Government had great difficulty in getting cash to pay its salaries and bonuses. The staff of the Ministry of Post Telephones and Telegraph came out on strike on this account: but by various expedients Government payments due on the 21st March had nearly all been made by the 31st March: the Anglo-Iranian Oil Company just managed to make their payments as usual: and there was no sign of a run on the banks.

9. Little was heard of the Seven-Year Plan, whose finances are about exhausted and whose activities are hampered by a Majlis commission of control. It was this body which, pandering to the anti-foreign agitation of the National Front, brought about the abrupt termination of the contracts signed with the various foreign (including British) experts employed by the Plan Organisation.

10. Great anxiety was caused by the rapid multiplication of locusts in the south and their spreading from the barren region of the south-east, where they are a usual phenomenon, to more fertile districts further west and north.

11. I am sending a copy of this despatch to His Majesty's Ambassadors at Washington, Moscow and Bagdad; to Air Headquarters, Iraq, through His Majesty's Embassy at Bagdad: to the

Commander-in-Chief, East Indies, and the Senior Naval Officer in the Persian Gulf; to the United Kingdom High Commissioners at New Delhi and Karachi; to the

British Middle East Office, Cairo; and to all His Majesty's Consular Officers in Persia.

I have, &c.

F. M. SHEPHERD.

EP 1015/146

No. 27

UNREST IN THE PERSIAN OILFIELDS

Mr. Furlong to Mr. Burrows (Washington)

Foreign Office.

April 25, 1951.

Sir,

Rountree's *démarche* reported in your telegram No. 350 Saving of April 23rd seems to have been a particularly unfortunate example of Grady's indiscriminate reporting of current gossip in Tehran and we, of course, entirely approve the lines of your reply.

2. The strikes in the South Persian oilfields began on the 26th March, when workers at Bandar Mashur and Aga Jari complained of the stoppage of an allowance which hitherto had been paid to them because living conditions were below the normal standard. The Anglo-Iranian Oil Company had given six months' notice of the withdrawal of the allowance and had explained that conditions had now reached normal. Indeed, earlier in the month, the company and representatives of the workers had agreed to the stoppage of the allowance which was in any case not more than 8.6 per cent. of total money emoluments. Moreover, as I told Rountree in Washington, the Persian Ministry of Labour had also, according to the company, agreed the cuts. In Abadan there was a strike of apprentices on the frivolous ground that the 50 per cent. pass mark required by the Persian Ministry of Education in the technical examinations conducted by the company was too high and should be reduced to 30 per cent. Later, these apprentices complained about some of their teachers and the comfort of the buses which were provided to take them to the Technical Institute. A strike later broke out in Masjid-i-Suleiman. The "hard living" allowance had never been paid there, and the strikers asked for an 80 per cent. increase in wages "because the industry had been nationalised," a demand which can be identified with the campaign of the

"Association for Fighting the Southern Oil Company" which was created recently by the Tudeh Party. Large and well organised crowds collected in many of these strike centres, and were addressed by Left-wing agitators newly arrived in the area. Tudeh Party pamphlets were distributed.

3. All these strikes took place without recourse to the established conciliation machinery and were therefore illegal. The Persian Government in an attempt to end them appointed a three-man Conciliation Commission with whom the company have co-operated closely. The commission received delegations from the various groups of strikers and called on all workers to return to work. At the same time they urged the company to accede to demands for strike pay and to restore the hard-living allowances which had ostensibly been the cause of some of the trouble. The company offered to regard the days spent on strike as part of the workers' annual leave and to restore the allowances until May 6th, by which time a committee representing the Government, the company and the workers would examine the amenities provided and agree upon the rate of reduction. These offers brought about a provisional settlement by the 19th April of all the strikes except at Abadan.

4. Rioting broke out at Bandar Mashur and at Abadan on the 12th April. At Bandar Mashur on the last days of the strike, a crowd attacked the Persian security forces using women and children as a shield. At Abadan 100 low-grade apprentices were on strike demanding automatic promotion to the status of experienced staff, and a few workers in one section of the refinery had put forward demands for an 85 per cent. increase in pay, twice as much leave, and free accommodation. The demands made by both groups were being considered by

the company's labour department, but agitators addressing mass meetings continually advocated violence. On April 12th the Persian Military attempted to disperse a meeting of apprentices and were attacked by a crowd. The Persian security forces opened fire when their cordon was broken and in the ensuing violence three British employees of the Anglo-Iranian Oil Company (of whom one was a seaman) were killed, and eight other British nationals (including two children) were injured. Persian casualties were reported to be nine killed and eleven injured. The strikes themselves did not spread, but well-organised pickets prevented workers from attending the refinery and threatened them with physical injury unless they stayed away, with the result that production in the refinery fell to about 20 per cent. by the 16th April.

5. The Persian Government sent reinforcements of troops to the area and placed General Shahbakhti in charge of the civil and military administration. He went only as far as the capital of the province, 75 miles from Abadan, but General Baghai, the Military Governor at Abadan, used the security forces to prevent unruly demonstrations and eventually succeeded in stopping picketing. Intimidation of the workers in their homes still continued, however, and Her Majesty's Consul-General at Khorramshahr and the company's general manager at Abadan visited General Shahbakhti to urge him to go to Abadan himself. He seems reluctant to do so and probably hesitates to be associated too directly with action against agitators who are repeating what extremist politicians in Tehran have been saying for some time, and who are demanding the "nationalisation" of the oil company which the Persian legislature has endorsed in principle. Shepherd has repeatedly urged the Persian authorities of Tehran to take action against the agitators and recent reports say that over 100 of them including some 15 Tudeh leaders have been arrested. This seems to have been useful action as the workers have been drifting back to work in increasing numbers, and on the 24th April over 17,000 presented themselves, out of a total of about 28,000 workers on the island.

6. On the 13th April, the Persian Prime Minister made it clear to Shepherd that he realised that the Communists were the moving spirit in these strikes and disorders (see paragraph 5 of Tehran despatch No. 120), yet on the 17th April the Persian Ministry of Foreign Affairs issued a

tendentious statement (see Tehran telegram No. 360 of April 19th) which implied that the disorders were due to the company's failure to meet the workers' demands and even hinting that the company had connived at, if not actually encouraged, the agitators. The Persian Prime Minister himself blamed the company for the strikes in the interview which he gave to a foreign press correspondent (reported in Tehran telegram No. 358 of 19th April). Similar statements have been put out by some Persian missions abroad. It is clear that the "influential" people who spoke to Mr. Grady were echoing this line. The truth is that the successful organisation of picketing and intimidation in Abadan, the use of women and children at Bandar Mashur as a shield against security forces, the close connexion between some of the workers' demands and those of the Tudeh-sponsored "Association for Fighting the Southern Oil Company," the distribution of Tudeh Party leaflets, and perhaps the visit to Abadan two days ago of a member of the Russian Embassy at Tehran all point to the fact that Communist agitators were responsible. The company is quite ready to discuss genuine grievances with the workers' representatives once the strikes, which are illegal, are at an end, and has co-operated whole-heartedly with the Conciliation Commission. No demands have been received from the workmen at Abadan, other than from the two small groups mentioned above, and the great majority have stayed away from work only because they were intimidated by agitators.

7. I am sorry that you have not had copies of the telegrams we have been receiving from Khorramshahr on this subject. We are sending one or two of their past telegrams to you by bag and will send by similar means all those we may receive in the future. The latest reports, however, indicate that there may not be much to send for the present.

8. Incidentally Penfield of the American Embassy spoke to Bowker on April 25th about the situation at Abadan and reiterated the State Department's fears. When Bowker had read him the first three paragraphs of your Savingram No. 350, he asked whether we thought that their embassy in Tehran had been sending alarmist reports. Bowker said that he thought they had perhaps been sending reports based on talks with individual politicians which had not been fully digested. Penfield said that he would send a reassuring telegram to Washington.

9. As regards the suggestion in the last paragraph of your Savingram that United States officials should be invited more frequently to the oilfield areas, the Secretary of State is doubtful whether this idea should be pursued as he is somewhat concerned

at the nervousness which the American Embassy in Tehran seem to be exhibiting.

10. I am sending copies of this letter to Shepherd and Rapp.

I have, &c.

G. W. FURLONGE.

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No. 28

AIDE-MEMOIRE HANDED BY HIS MAJESTY'S AMBASSADOR AT TEHRAN TO THE PERSIAN PRIME MINISTER ON APRIL 26, 1951

Tehran.

April 26, 1951.

(No. 133)

His Majesty's Government have an undeniable right and responsibility to protect legitimate British interests in Iran. They are unable therefore to accept the contention of the Imperial Government's note of 8th April that relations between them and the Anglo-Iranian Oil Company do not concern His Majesty's Government.

2. The two Governments are confronted with the following situation:—

- (a) The Iranian legislature has voted in favour of the principle of nationalisation of Iranian oil industry.
- (b) On the other hand, A.I.O.C. are operating by virtue of a duly ratified concession agreement, the terms of which preclude its cancellation by governmental action;
- (c) The Iranian oil industry is of vital importance to the Imperial Government not only as a main source of revenue but also as providing funds for essential economic development. It is also of great importance in the economy of the United Kingdom and the free world generally;
- (d) Unless, therefore, mutually acceptable arrangements can be made whereby A.I.O.C.'s operations continue, there would be a long and serious dislocation in the extraction, processing and marketing of Iranian oil, which would have most grave results to all concerned.

3. His Majesty's Government have on numerous occasions publicly declared and given tangible evidence of their interest in the independence and well-being of Iran, and they believe that their feelings in this regard are recognised by vast masses of the Iranian people. They are convinced therefore that the Imperial Government would not wish the operation of the oil industry

to become a serious issue between them, thus creating a situation from which only the enemies of both countries could profit. They believe, on the contrary, that it should be possible to turn the situation to advantage by establishing a new relationship and association under which the development of Iran's oil resources could be assured, to the mutual benefit of the two peoples.

4. Moreover, His Majesty's Government are sympathetically disposed towards the natural desire of the Iranian people to play a more direct part than heretofore in this important field of their national activity, and will, wherever appropriate, lend their active support in measures to this end. They have accordingly been considering by what means it may be possible to harmonise this desire on the part of the Iranian people with the legitimate rights of the company and the interests of the United Kingdom. They have in mind that, at the expiry of the company's agreement in 1993, unless some other arrangements were meanwhile reached by mutual consent, the total assets of the company in Iran pass, without payment, to the Imperial Government, which is of course already the owner of the oil underground. Should the Imperial Government claim to take over the company's assets before 1993, they would legally be liable to pay compensation on those assets, which are of immense value. This and the loss of revenue which dislocation of the Iranian oil industry would entail, would not only drastically limit the possibility of economic development, but would indeed impose a crushing burden on Iran's economy. Moreover, it will, under the terms of the existing agreement, fall to the Imperial Government to take over the operation of the Company in Iran in 1993, unless there is a new agreement. It is therefore clearly desirable that a plan should be evolved which would enable them to do so

successfully by then. His Majesty's Government for their part will be very ready to co-operate in the preparation and execution of such a plan.

5. The details of the lines on which the suggested new relationship could be established must form the object of an agreement between the Imperial Government and the company, and His Majesty's Government would not wish at this stage to do more than suggest the lines which in their view such an agreement might take. These are as follows:—

- (a) The A.I.O.C.'s concession and its assets in Iran except those referred to in (b) below, should be transferred to a new United Kingdom registered company (which might be entitled "The Southern Iranian Oil Company") on the board of which the Imperial Government would be adequately represented and the profits of which would be shared equally between the company and the Imperial Government.
- (b) The distribution of oil in Iran should be transferred on terms to be agreed to an Iranian national company which would be given full responsibility for this operation, and would receive the fullest co-operation from the A.I.O.C.
- (c) The agreement should provide for the implementation of the common desire to accelerate "Iranianisation" of the new company's operations in order to facilitate the progressive

replacement of non-Iranian employees by qualified Iranians.

6. His Majesty's Government hope that the Imperial Government will be prepared to open negotiations on the general lines outlined above. In order, however, to make clear the basis on which these negotiations are being conducted, and in view of the communications which have already passed between them and the Iranian Government on the subject they would propose that an exchange of notes should take place between them forthwith which would include the following points:—

- (a) A statement of mutual goodwill and desire for fruitful co-operation.
- (b) A recognition by His Majesty's Government of desire of the Imperial Government to assume in due time full control over Iran's oil resources.
- (c) A consequent desire on the part of His Majesty's Government to see the Imperial Government, by adaptation through mutual consent of the company's existing agreement, taking an increasing part in the company's operations in Iran and obtaining an increased share of the benefits derived therefrom.
- (d) An understanding by the two Governments to consult together on all matters of importance or points of difficulty which may arise under the operation of the new agreement in order to ensure the preservation of relations of mutual confidence and co-operation which both desire.

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No. 29

OIL COMMISSION

(1)

Sir F. Shepherd to Mr. Morrison. (Received April 27)

(No. 394)
(Telegraphic)

Tehran.

April 27, 1951.

Following is unofficial text of resolution approved by Majlis Oil Commission yesterday.

deputy and another Minister together with another Government representative.

Article 2

For immediate taking charge of oil installations Government is bound with supervision of Mixed Committee to take possession from late company. If company delays immediate delivery on basis of its claim on Government, Government can place up to 25 per cent. of current oil revenue, after deducting expenses of

Article 1

To implement decision of Houses of Parliament for oil nationalisation throughout country, a mixed committee will be elected, consisting of five Majlis Deputies, five Senators, Minister of Finance or his

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exploitation, for claim of company in Bank-i-Melli or any bank accepted by both parties.

Article 3

Government is bound with supervision of Mixed Committee to examine just claim of Government and at same time just claim of company and report its findings to both Houses, and after their sanction, to execute them.

Article 4

As from 20th March, 1951, when nationalisation of oil was sanctioned by Senate, all oil revenues belong to Persian nation and company will be considered as trustee of Government. Therefore, Government is bound, with supervision of Mixed Committee, to investigate account of company and from date of execution of this law until appointment of managing body, Mixed Committee should supervise exploitation very minutely.

Article 5

Mixed Committee must as soon as possible prepare charter of association of national oil company in which managing board and supervisory board are composed of specialists, and propose this to both Houses.

Article 6

To gradually replace foreign experts by Persians Mixed Committee is bound to

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(2)

Sir F. Shepherd to Mr. Morrison. (Received April 27)

(No. 395) *Tehran,*
(Telegraphic) *April 27, 1951.*

My immediately preceding telegram.

In view of Majlis meeting to-morrow, I thought it necessary to issue following statement to press at noon to-day.

The statement recently made by the Persian Prime Minister emphasising the importance which the Persian Government attaches to relations of friendship and confidence between Persia and Great Britain is welcome. Now that the strikes in Abadan and the oilfields are in a fair way to settlement I had hoped that Anglo-Persian relations in general would revert to a more objective and normal state. There are deep-rooted feelings of friendship between

draw up regulations under which a number of qualified students can annually be sent to foreign countries to study different courses and acquire knowledge and experience connected with oil industry. These regulations will be put into effect by Ministry of Education after approved by Council of Ministers. Study expenses of students will be met out of oil revenues.

Article 7

All purchasers of products of fields taken away from late company as from beginning of 1948 up to 20th March, 1951, which they bought annually from company (these purchasers) can continue to buy same amount at a just price annually. Whatever is left over, all conditions being same, they have priority to purchase.

Article 8

All proposals of Mixed Committee which are prepared for sanction of Majlis must first go to Oil Committee. After debate Oil Committee's report will be submitted to Majlis.

Article 9

Mixed Committee is bound to finish its work and submit its report in accordance with Article 8 to Majlis within three months after this law is put into effect. If it (Mixed Committee) needs any extension of period, it should give its reasons in report.

2. Comment follows.

the two peoples based on long experience and common interests. There is no justification for the old-fashioned concept which appears still to be far too prevalent in Persia that Great Britain is an imperialist country with selfish designs on Persia. Great Britain encouraged the constitutional movement at the beginning of the century. The abortive treaty of 1919 was in the nature of a seven-year plan on a smaller scale though perhaps it was thirty years too early. Great Britain has always supported the political independence and territorial integrity of Persia. After the second world war British troops were withdrawn strictly in accordance with treaty obligations and subsequently a payment of £8 million for

use of the Persian railway was made. The 1933 agreement about oil which was freely negotiated under the auspices of the League of Nations with that great democrat the late Dr. Benes, as mediator, cannot be unilaterally denounced. It was not an extortionate arrangement as it is often alleged but was by many years the first partnership agreement in the Middle East.

The supplemental agreement would have provided approximately 50 per cent. profits for the Persian Government, but the agreement was never understood or explained to the people of Persia. None the less, when the supplemental agreement was withdrawn from Parliament by the Government the company arranged to make payments during 1951 amounting to £28½ million, which is probably little less than 50 per cent. of the prospective profits for the year. This was done in order to enable the Persian Government to proceed with its plans for reform. British firms are erecting power and water plants and telephone installations in Tehran, Meshed, Isfahan and Shiraz. Technicians have also been supplied. The United Kingdom has contributed services and materials to the extent of about £55,000 to the anti-locust campaign and the facilities being provided in Khuzistan and Fars by the oil company may amount to another £50,000. These are all practical evidences of help and friendship

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(3)

Sir F. Shepherd to Mr. Morrison. (Received April 27)

(No. 398. Confidential) *Tehran,*
(Telegraphic) *April 27, 1951.*

My telegram No. 394: Oil Commission.

The Persian Prime Minister had a long interview last night with Dr. Mosaddiq before the Oil Commission and endeavoured to persuade him not to take any precipitate action, but without success. Mr. Ala professed not to understand the reason for Dr. Mosaddiq's desire for haste, the latter himself said that he wished the oil question to be settled at once because there was a prospect of a change of Government or a *coup d'état*. I rather think it was caused by a desire to reinstate the National Front's popularity which had been damaged by the obvious manner in which the Communists had stolen its thunder and at the same time brought it into discredit over the oil fields' strike. The National Front may

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on the part of the British Government and of the desire of the oil company to collaborate in a friendly partnership with the Persian Government. Mr. Morrison, the British Secretary of State for Foreign Affairs, said in a speech on the 2nd April: "We are resolved, and have shown our resolve to promote the well-being of the peoples of the Middle East and to work for the security of that area. The establishment of peace and prosperity in that region, broadly based on social justice and representative Government, is a common interest of all its peoples, and of the British Commonwealth. Our interest in the integrity of Greece, Turkey and Persia has been more than once reaffirmed in recent years. Our partnership with all these peoples has been fruitful and progressive in the past and I have no doubt that, with goodwill on all sides, it will continue to be so in the future." Although there has recently been a great deal of misrepresentation and abuse of the Anglo-Iranian Oil Company and of Britain generally, I hope that the Persian people will bear these considerations in mind and that the Parliament will not proceed to unilateral or precipitate action on the oil question, which would close the door to negotiation and might have very serious and far-reaching consequences.

also have thought that, having advised the workers to return to work, they must make some immediate gesture in favour of nationalisation.

2. I doubt very much whether anything can prevent the Majlis from endorsing the resolution, but as the next meeting is to-morrow, I thought that I should do what I could to try and inject some common sense into the atmosphere. I trust that the statement which I have issued to the press will meet with your approval, and regret that there was no time to seek your prior endorsement.

3. I saw Mr. Ala this evening and asked him what the Government proposed to do. Mr. Ala said that he strongly disapproved of the resolution. It meant hurried action in a matter which required very careful consideration, and it ignored the Government. Dr. Mosaddiq himself had supported

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Mr. Ala's premiership and there was no reason why the Government should be ignored in this extremely important matter. He had spoken to the Presidents of both Houses and to the Shah, who agreed with his attitude in this respect. A Cabinet meeting was being held to-night and it remained to be seen what attitude the Majlis would take to-morrow. He spontaneously expressed approval of the statement which I have issued to the press.

4. It would seem from this that if the Majlis endorses the resolution the Government may resign. It may even do so at once. I asked Mr. Ala whether he thought there was any prospect of the Majlis omitting Articles 2 to 8 of the resolution so as to reduce it merely to the creation of a more representative commission. He did not seem sanguine.

5. He then referred to the informal proposals which I had made to him yesterday, and said that they fell far short of what had been hoped. He then referred to *The Economist* article and said that the proposals therein seemed sensible. He went on to say that he presumed the proposals were a preliminary sketch of what we had in mind and that in any case time was needed for their consideration. I said the proposals had been very carefully drafted and that they took account of the desire of the Persian people to nationalise the oil industry in due course.

6. My United States colleague is much upset by the turn events have taken, and has said that he is willing to do what he properly can to help. I have suggested that he might support my plea that the Persian Parliament should do nothing that would close the door to negotiation. He has, however, so far declined to receive the press.

EP 1015/163

No. 30

POLITICAL SITUATION

(1)

Sir F. Shepherd to Mr. Morrison. (Received April 29)

(No. 410) *Tehran,* 43 present. Shah saw Dr. Mosaddiq at
(Telegraphic) *April 29, 1951.* 12 o'clock. Has given instructions for
Senate to-day accorded Dr. Mosaddiq a firman to be issued to him. Comments
vote of inclination by 29 votes from follow.

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(2)

Sir F. Shepherd to Mr. Morrison. (Received April 29)

(No. 411. Confidential) *Tehran,*
(Telegraphic) *April 29, 1951.*
Political Situation.

I am grateful for your telegram No. 398 [sic] and for your confidence.

2. The Court were fairly confident that the Senate would not support Mosaddiq, but would put forward other names for the premiership. In spite of numerous promises to this effect from individual Senators, however, they followed the lead of the Majlis with little evidence of independence. The Shah and the Court have been lobbying Senators to try and induce them to amend the oil resolution, but though here again promises have been made I have little hope of them being fulfilled. I saw the President of the Senate last night and put

the case for omitting Articles 2 to 8 of the resolution. Grady backed me up to the extent of saying that more time should be taken to study the question. Taqi Zadeh seemed quite sound on this but I do not think he is strong enough to make this view prevail against the opposition.

3. I saw Alam this afternoon and told him how important it was to avoid anything like an attempt to dispossess the company and proceeded on the line of the second part of paragraph 3 of your telegram No. 320. If the Senate passes the resolution I will seek interview with Mosaddiq and afterwards with the Shah. I suggested to Alam the Shah might make it condition of appointing Mosaddiq that he should proceed so as to avoid precipitation of

serious dispute between our two countries. Alam said that the Shah would certainly wish to do all he could to prevent this, but he was doubtful whether Mosaddiq would pay any attention. I asked Alam to urge the Shah to make a firm stand on this.

4. I hesitate to make a forecast in view of the unpredictable nature of Persian politics, but I rather think that the Persians may believe they have found the strong man they have been looking for so long. Mosaddiq is a good demagogue and either he or his friends are good organisers of the country. His own administrative qualities are unimpressive and if he forms a Government a lot depends on his team. If he can find a good one he might conceivably use his reputation as a grand old patriot to get something done. Some politicians earnestly say that he will have to use up practically all his party in order to fill the Ministries and since Ministers cannot be Deputies there would perhaps be none left in the Majlis. He could then be easily defeated. I think, however, that he will not find much difficulty in securing as Ministers aspiring politicians anxious to climb on the band wagon.

5. A National Front Government might conceivably have another advantage. Recent corrupt and weak governments have disgusted a great many people who have wondered where to turn and have consequently moved towards Communism. Mosaddiq might provide a powerful counter attraction if he can convert demagoguery into constructive statesmanship. There is unfortunately no evidence so far that he is capable of this, but it is not an impossibility.

6. I must mention that during the past few days strong currency has been given to the rumour that nationalisation is really desired by the British. The argument seems to be that we wish to satisfy Persia's national aspirations, finding her more money and keeping out the Russians. We have cleverly found this way of doing it. Many influential and otherwise sensible persons believe this and I am not at all sure that even the Court wonders whether there may not be something in it. Politics here are so topsy-turvy that we may perhaps be able to snatch victory from defeat by the use of this apparently strongly held belief, though I have no suggestion to offer about it at this stage.

EP 1531/263

No. 31

OIL QUESTION: COMMONS STATEMENT

To Sir F. Shepherd (Tehran)

(No. 333 Confidential) *Foreign Office,*
(Telegraphic) *May 1, 1951.*

My telegram No. 332 contained text of a statement on Persia which I made in the House of Commons to-day.

2. While this statement is deliberately moderate in tone, and while His Majesty's Government are anxious to see the Persian oil question settled by negotiation, I wish Dr. Mosaddiq to be left in no doubt that they are not prepared to submit passively to seizure by the Persian Government of a major British asset, with all the grave consequences which this would entail for Persia as well as for ourselves and other countries.

3. For your own information, certain methods of economic pressure are open to us, though we should of course be most reluctant to proceed to such measures until all means of settling the dispute otherwise had been exhausted.

4. My impression is that Dr. Mosaddiq and his followers, largely through methods

of intimidation, have been able to impose their will on the majority, amongst whom there must be many capable of realising the issues involved, and it is in our view essential to put these squarely before him.

5. I should be glad therefore if you would see Dr. Mosaddiq as soon as possible and call his attention to my statement. You should then speak to him on the following lines, subsequently speaking to the Shah in a similar sense.

6. You should first give Dr. Mosaddiq a friendly message from myself on his appointment and state that I regard it as a matter of regret that at the moment of his assumption of office our normal friendly relations should be clouded by the oil issue.

7. You should then say that, as I have already said in the House, His Majesty's Government wish to see the whole question settled by negotiation and would like to see negotiations started at the earliest possible moment, though they are not prepared to negotiate under duress.

8. If, however, Dr. Mosaddiq intimates that the Persian Government are not ready to negotiate, you should then say that you understand that the company are claiming arbitration under Article 22 of their Concession Agreement and urge that the Persian Government should accept this.

9. You should in any case endeavour to elicit as clearly as possible what his intentions are as regards implementing the proposals. Should it appear that he is in fact contemplating immediate and drastic action, you should turn to the practical issues involved in any attempt by the Persian Government to impose control over the company. You should emphasise the integrated nature of the company's operations, which require not only technicians of the highest quality in Persia, particularly

at the refinery, but also the company's world-wide marketing organisation including its fleet of tankers. The company are ready to continue to provide these facilities on the existing basis pending a settlement by negotiation. Any dislocation caused by unilateral Persian action might lead to a breakdown in the entire industry. We do not deny that this would cause grave prejudice to the United Kingdom and probably to other countries; but the consequences to Persia would be far worse. Dr. Mosaddiq must surely realise the extent to which the whole economy in Persia is dependent on oil revenues. Any unreasonable and precipitate action could only expose Persia to the risk of economic chaos, from which the Communists would not be slow to profit.

EP 1531/263

No. 32

MEETING BETWEEN THE SECRETARY OF STATE AND THE PERSIAN AMBASSADOR

Mr. Morrison to Sir F. Shepherd (Tehran)

(No. 337. Confidential) *Foreign Office,*
(Telegraphic) *May 2, 1951.*

I sent for the Persian Ambassador to-day. After referring to the long history of friendly relations between our two countries, I said I took a very serious view of the present situation, and of the Persian Government's attempts to nationalise the Anglo-Iranian Oil Company's industry in Persia. The subject of nationalisation had been handled in Persia in a very irresponsible fashion and no well thought out scheme had been produced. The company had rights under the 1933 Concession, which was valid until 1993. Those rights could not be unilaterally cancelled. His Majesty's Government, and indeed the democratic free world were interested in the outcome of the present situation.

2. His Majesty's Government were willing to enter into negotiations with the Persian Government in order to learn in detail what the Persian Government wanted to do, and to see whether we could arrive at a friendly settlement consistent with the prosperity of Persia and the rights of the company.

3. Meantime it was very important that the Persian Government should not take unilateral action. I asked the Ambassador to convey a message to his Prime Minister,

asking him to suspend action to allow for discussion and assuring him that His Majesty's Government wished to arrive at a fair and sensible settlement. Precipitate action by the Persian Government would seriously affect the social and economic well-being of the Persian people, and might lead to an unhappy and most difficult situation between our two countries, which have been and ought to remain good friends.

4. I then referred the Ambassador to my statement in the House yesterday. It and my interview with him were temperate in tone, because the question ought to be considered temperately here and in Tehran. But the Persian Government should not because of that minimise the feeling of His Majesty's Government on this question. We could not accept unilateral action which would have the effect of upsetting the agreement of 1933, particularly since that agreement by its own terms ruled out such action, and provided for arbitration. I concluded by saying that we would much prefer that His Majesty's Government and the Persian Government should seek a solution in friendly conversations round a table.

5. The Ambassador undertook to transmit my message immediately and to

inform me of the reply. He expressed appreciation of the friendly attitude which I had shown on this question. The principle of nationalisation had been passed by both Houses of the Majlis and the Persian Government was therefore faced with a *fait accompli*. Did His Majesty's Government recognise this? I replied that we did not. His Majesty's Government had nationalised a number of industries, but

always after proper discussion with all the interested parties. I had never heard of an act of nationalisation based on little more than a resolution hurriedly passed by a Parliament, except in Communist countries. If Persia took over the Anglo-Iranian Oil Company's assets arbitrarily, she would have no reply to the Russians if they later attempted to take over Persian assets without agreement.

EP 1015/171

No. 33

POLITICAL SITUATION

Sir F. Shepherd to Mr. Morrison. (Received May 2)

(No. 424)

Tehran,

(Telegraphic)

May 2, 1951.

Dr. Mosaddiq to-day announced his Cabinet as follows:—

Foreign Affairs, Baqir Kazimi (1950 personalities No. 97).

Finance, Muhammad Ali Varasteh (No. 183).

War, General Ali Asghar Naqdi.

Agriculture, Zia-ul-Mulk Farmand.

Education, Dr. Karim Sanjabi.

National Economy, Javad Bushihri (No. 38).

Health, Hakim-Ud-Dauleh Adham.

Interior, General Fazlullah Zahidi (No. 187).

P.T.T. Mufshar.

Justice, Ali Hai'at (No. 59).

Labour and Communications not appointed. Ministers of Finance, War, Agriculture and Interior served in same capacity under Ala.

EP 1013/21

No. 34

MONTHLY REPORT ON EVENTS IN PERSIA FOR APRIL 1951

Sir F. Shepherd to Mr. Morrison. (Received May 10)

(No. 135. Confidential)

Tehran.

Sir,

5th May, 1951.

With reference to my despatch No. 119 of 15th April I have the honour to submit the following report on political events in Persia in April 1951.

Oil Nationalisation

2. On 8th April the Prime Minister handed me a reply to the note of 14th March in which I had drawn attention to the legal and practical arguments against nationalisation. It was clearly designed to please the National Front and was indeed reported to have been seen by Dr. Mosaddiq in draft. After stating that the oil question was one for solution between the Persian Government and the Anglo-Iranian Oil Company and by implication no business of His Majesty's Government's, it declared the

Supplemental Agreement to be unacceptable to Persian public opinion and closed by saying that the two Houses of the Majlis having approved the principle of nationalisation, the Government could only await their proposals for the implementation of this principle.

3. When the Oil Commission resumed its meetings on 16th April members were invited to submit such proposals. Although the commission had two months in which to elaborate a scheme for nationalisation, Mosaddiq was evidently in a great hurry, alleging that delay in executing nationalisation was costing the country hundreds of thousands of pounds a day, but in reality anxious to maintain the tempo of the nationalisation movement and with it his own popularity, and perhaps to forestall some drastic action by the Shah. On 23rd April a sub-commission, appointed

ostensibly to consider the enlargement of the commission by co-opting Senators and Government representatives, published findings which went far beyond its terms of reference and in fact were two summary schemes for the liquidation of the Anglo-Iranian Oil Company under the supervision of a Majlis-Senate-Government committee. Only three days later, on 26th April, Mosaddiq decided in spite of Ala's pleading, to summon a special meeting of the oil commission from which emerged a single, slightly modified draft, providing for the immediate taking over of the Anglo-Iranian Oil Company's assets and their transfer to a "National Oil Company." The only mention of compensation was a provision for the setting aside of 25 per cent. of current oil revenues to meet what the Liquidation Committee might find to be the company's "just claims." This seemed to be in fact, if not in name, expropriation.

4. I, therefore, hastened to do what I could to prevent Majlis approval being sought or obtained for these proposals. I had already, as soon as I heard of the commission's meeting, left with Ala the proposals drawn up during the Washington oil talks for a resumption of negotiations with the Persian Government. When I learned of the commission's proposals I issued a statement to the press which, while emphasising Britain's interest in Persia's welfare and her past services to that country, warned the Persian Government and the Majlis of the serious consequence of any precipitate action. As was to be feared, I achieved little result. Ala had apparently already decided that he could not carry on and resigned. The subsequent choice of Mosaddiq to succeed him made it certain that the commission's proposals would go through. They did, after Dr. Mosaddiq had defended them article by article and made it clear that any "just claims" by the A.I.O.C. would be swamped by Persian counter claims, since he declared the 1933 concession to be null and void, all the company's operations since that date to have been illegal and their profits to be forfeit to the Persian Government.

5. Thus, in little over three months the Grand Nationalisation Stakes had been run at a smart pace from the start to what many Persians see as the finishing post. The main reason for this has been the ascendancy established by the minority National Front group over Parliament, Government and press. Contributing factors have been United States "neutrality" and the distorted

reflection of it in the American and Persian press, which has led many Persians to believe that the United States was actively in favour of nationalisation; the undoubted feeling against the A.I.O.C. engendered by public ignorance of the facts about its operations and particularly about the disorders in the South; and not least the fatal inclination of the Shah to let things slide and avoid drastic decisions.

Agitation in Khuzistan and elsewhere

6. As reported in paragraph 6 of my despatch under reference the Tudeh had already decided to exploit the excitement over oil and the weakening of security and the Government's authority by provoking disturbances in the oil fields. These had, however, not spread seriously to Abadan and were well on the way to peaceful settlement, the A.I.O.C. having agreed with a Government labour commission to reinstate the hard-lying allowances for a month, during which workers' complaints would be investigated and negotiations resumed. On 12th April, however, the Tudeh agitators managed to stage an incident at Bandar Mashur where the troops were forced to fire on a crowd of workers driving women and children before them, and a very serious clash in Abadan between workers and security forces. Several workers were killed and three Englishmen lynched by a mob. The actual number of strikers in Abadan was less than a 1,000, out of a total A.I.O.C. labour force there of over 26,000, and of this 1,000 about half were young apprentices striking on the most frivolous grounds. But organised and activated by Tudeh agitators, these men were able to intimidate others, until at one stage hardly any dared to report for work and the refinery was virtually closed. Although the Government despatched troops in adequate strength to the area it failed to do more at first than prevent further riots. Agitators went almost entirely unarrested and intimidation continued unchecked. It was not until 21st April, after belated action by the authorities against known agitators that the workers began to return in strength. Normal attendance had been resumed by 25th April. The company contributed materially to restore normality by paying a handsome bonus to those who returned to work.

7. Perhaps in an attempt to divert attention from their own responsibility and to curry favour with the National Front, the Persian Government launched a campaign both in Tehran and through their missions

abroad to persuade the world that the trouble was largely the A.I.O.C.'s fault, and hinted that they had connived at the Tudeh agitation. This was taken up by important sections of the press who interpreted the troubles in Khuzistan as an attempt by the A.I.O.C. to wreck nationalisation and cartoons showed Mr. Attlee shaking hands with Stalin over the smoking ruins of Abadan.

8. The disorders in Khuzistan were accompanied, and their character as part of a country-wide Tudeh manoeuvre demonstrated, by other outbreaks and demonstrations in Isfahan, Resht and Tehran, all organised by the crypto-Tudeh "Association for struggle against the A.I.O.C." The most serious was in Isfahan, where there is much justified discontent owing to widespread and avoidable unemployment and where the low wages are often in arrears.

9. It was noticeable that while attacking the A.I.O.C. and declaring their sympathy with the workers' claims, the National Front opposed the strikes in Khuzistan and the demonstrations in Resht and Tehran, where in fact they came to blows with the pro-Communists.

Persian Government and Majlis

10. On the whole the policy of Ala was an attempt to work with rather than against the National Front and on 4th April he took into his Cabinet Generals Arfa' and Zahidi, widely believed to be its creatures. But he was not able to secure its support or to obtain the real confidence of the Majlis. He had hurriedly to lift martial law in Tehran before he could obtain a vote of confidence for his programme, which was as innocuous and insignificant as such programmes usually are. The vote was unimpressive and the National Front abstained. Deputies were widely prophesying both before and after the vote that the Government would fall and fall it did. Few, however, had expected what followed. Ala resigned within twenty-four hours of the approval by the Oil Commission of the resolution mentioned in paragraph 3 above, which he felt himself unable to oppose and unwilling to execute. The Shah, after failing to persuade Ala to withdraw his resignation, took an unusual course. Instead of nominating a Prime Minister and then submitting him for Majlis approval as he had done for Razmara and for Ala himself, or of consulting the Majlis "fractions" separately thus ensuring himself a choice of Majlis candidates, he simply instructed the

Speaker to take the sense of the House. On the spur of the moment one member put forward Mosaddiq's name and this was at once approved, the two supposed favourites, Qavam and Sayyid Zia, getting but one vote apiece. In spite of histrionic declarations that his life would not survive the ordeal, Mosaddiq accepted. The Senate, though lobbied by the Shah against him, gave Mosaddiq its approval and the Shah had no choice but to issue the necessary Firman, which he did on 29th April.

11. The Majlis was no more active in the sphere of practical legislation than it generally is. There were endless speeches before the agenda. The Bill to increase the note issue, though its chances seemed to have improved, went into a commission and did not emerge. The usual provisional twelfth of the budget was passed, but only after the Senate had tried to limit it to the figure needed by the salaries of civil servants, which would have thrown out of employment thousands of men engaged on public works.

12. The Bank Melli's cash reserves continued to increase after the New Year holidays and after some delay all the Oil Company's requirements of rials in exchange for sterling were met.

13. Locusts remained a serious menace and spread north into Khurasan and west into Khuzistan. However, the authorities conducted a vigorous campaign against them, with generous help provided from both British and American sources.

Foreign Affairs

14. The month was one in which Persian internal events, particularly the rapid success of the movement for oil nationalisation, governed and dominated her relations with the outside world, especially with the United Kingdom. The tension set up by the oil question was increased by continued and generally baseless reports of large-scale movements by British naval and military forces towards South Persia. It must unfortunately be recorded that there was a noticeable lack of United States understanding and support for His Majesty's Government's policy in Persia. Not merely did the United States Government fail to give us any help over oil but they were continually questioning our motives and suspecting our designs, and in general seemed, in their anxiety to "keep Persia in the Western camp," to be paying scant attention to the vital Persian interests of their principal ally. They reaped by this

attitude a certain amount of transient popularity: but this did not prevent some resentment against the United States in connection with the Washington talks on Persian oil, which were alleged to constitute gratuitous interference in Persian domestic affairs.

15. There were no significant developments in relations between the Persian and Soviet Governments though the hand of the latter was perhaps visible in the Abadan troubles, which coincided with a visit to Abadan by a secretary of the Soviet Embassy. Persian-Soviet trade continued to flow through private channels though the volume was not substantial. Propaganda from the Azerbaijan Demokrat Radio supported the Tudeh in its campaign of strikes and disorders, and consistently attacked Ala as an American and British tool. It also mentioned the ability of the

U.S.S.R. and Roumania to supply oil technicians to replace British personnel.

16. The Shah was due to pay a State visit to Jordan on 8th April: but a few days before he was found to be suffering from appendicitis and the visit was postponed indefinitely.

17. I am sending a copy of this despatch to His Majesty's Ambassadors at Washington, Moscow and Bagdad; to Air Headquarters, Iraq, through His Majesty's Embassy at Bagdad; to the Commander-in-Chief East Indies and the Senior Naval Officer in the Persian Gulf; to the Political Resident in the Persian Gulf; to the United Kingdom High Commissioners at New Delhi and Karachi; to the British Middle East Office, Cairo; and to all His Majesty's Consular Officers in Persia.

I have, &c.

F. M. SHEPHERD.

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No. 35

ANGLO-PERSIAN OIL DISPUTE

To Sir F. Shepherd (Tehran)

(No. 350. Confidential) Foreign Office,
(Telegraphic) May 5, 1951.

While I appreciate that there may be advantages in delay, I am inclined to feel that they are outweighed by the risks of letting the situation drift in the hopes that it will evolve favourably. Alam's message suggests that Mosaddiq may be ready to negotiate, and I think it desirable to lose no time in finding out from Mosaddiq himself whether this is the case.

2. Unless you see strong objection I should be glad if you would now see Mosaddiq and speak on the lines of paragraphs 6 and 7 of my telegram No. 333 [of May 1st] adding that we are ready to start negotiations if he is. (I shall be telegraphing later our ideas on how these negotiations should be conducted.)

3. In the course of your conversation I should like you to stress the following aspects of the matter:—

- (a) The risk of the Russians profiting from the present situation, on the lines of the last six sentences of paragraph 9 of my telegram No. 333.

- (b) His Majesty's Government's views on the legal aspect, guidance on which is being sent to you in my telegram No. 352.

4. As regards Dr. Mosaddiq's misapprehensions on the facts of the oil situation, we hope to telegraph information on certain points on Monday, May 7th. We should, however, prefer you not to raise this aspect of the question yourself, and you should in any case not delay your approach pending the receipt of this information.

5. The Anglo-Iranian Oil Company are anxious to safeguard this position by making a formal demand for arbitration forthwith lest delay in presenting it should weaken their position. In the light of paragraph 6 of your telegram under reference we have requested them to suspend action for the moment, but you should take an opportunity of informing Dr. Mosaddiq that postponement appears undesirable and should indicate that in our view the formal demand is necessary but need not impede negotiations.

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No. 36

ANGLO-PERSIAN OIL DISPUTE

To Sir F. Shepherd (Tehran)

(No. 54. Confidential) Foreign Office,
(Telegraphic) May 5, 1951.

For your information we have been considering various schemes in order to be ready to offer them when the time comes, and among them is the one outlined in *The Economist* in which operations in the field area would be taken over by the Persians, while the refinery and its products remained under the control of A.I.O.C. The scheme has at least one major defect, since the production of oil is one integrated process from oil well to refined product, and if the Persians took over the management and control of the field organisation, they would be in a position to bring the refinery to a standstill or interrupt its operation by inefficiency or by deliberate action. It seems inconceivable that they would allow the A.I.O.C. to bring crude oil to the refinery from, say, Kuwait, in order to fill a gap in the supply from the Persian fields. If continuity of future supplies were not

assured, the company could obviously have little confidence in the future of the refinery, and could not be expected to spend large sums of money on its maintenance and development.

2. *The Economist* scheme would appear to give the entire production profit to the Persians, and it is from production that oil companies make their big money. In fact, the A.I.O.C. could not build up and maintain a world-wide oil business, including technical research and the maintenance of supply and marketing organisations on a basis which did not allow them to have a substantial share in the producer's profit.

3. If, however, the Persians were to take over the assets in the fields area and employ A.I.O.C. as managers there on satisfactory terms the scheme might be worth consideration.

4. We are urgently considering a number of other possibilities and hope to let you know about them as soon as possible.

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No. 37

ANGLO-PERSIAN OIL DISPUTE

To Sir F. Shepherd (Tehran)

(No. 352. Confidential) Foreign Office,
(Telegraphic) May 6, 1951.

Following is a resumé, in non-technical language, of our views on the legal issues involved.

2. The recent enactment by the Persian legislature makes a complete change in the position of the A.I.O.C. as compared with the position which it had under its concession of 1933. Under the concession the company is the owner of all its installations in Persia. Under the new enactment it appears to cease to be the owner of all its installations in Persia and it is not even clear if in law it has the possession of them. Under the concession the company is the owner of the revenues it realises from its operations, being under a duty to make certain payments to the Persian Government therefrom. Under the new enactment the company ceases to be the owner of these revenues and control of them is taken away from it, and there is merely set aside a por-

tion of the revenue for the purposes of compensating the company. Many other respects in which the new enactment would affect the position of the company as it exists under the concession can be given.

3. The Concession of 1933 had a double character. First, it was a contract between the Persian Government and a foreign company concluded under the auspices of the League of Nations after previous threatened action by the Persian Government depriving the company of its rights under its previous concession had been brought by His Majesty's Government before the League of Nations. Secondly, it was ratified by the Majlis and became a Persian law.

4. The concession contained two very important provisions:—

- (a) That the position of the company under its concession should never be altered by action of the Persian

Government or even by Persian legislation (Article 21) except as the result of an agreement between the company and the Persian Government;

- (b) that if the Persian Government had any complaint against the company or *vice versa* and the dispute could not be settled otherwise, it was to be referred to arbitration under Article 22, the arbitral tribunal being presided over by an umpire appointed by the arbitrators themselves or, in default of their agreement, by an outside authority, namely the President of the Hague Court.

These two articles show that this concession was placed on quite a different footing from an ordinary contract between the Persian Government and a company. Disputes arising out of it were not to be subject to the Persian Courts. The remedy of the company and the Persian Government was arbitration under Article 22. Secondly, the Persian Government was bound not to exercise what might have otherwise been its sovereign right of cancelling or expropriating the concession in return for compensation. This was agreed to after a dispute had arisen between His Majesty's Government and the Persian Government, arising from a proposal of the Persian Government in the time of Riza Shah, to alter the company's previous concession by unilateral legislative action.

5. The Persian Government claims that it has grievances against the company because the company has not fulfilled the terms of its concession properly. If that is so, the Persian Government's remedy was arbitration. That was the remedy which it bound itself to exercise instead of proceeding

unilaterally. The company now complains of the enactment, which is a unilateral alteration of its position contrary to Article 21. It has the right to appeal to Article 22 and demand arbitration. It is clearly the legal duty of the Persian Government as well as of the company to co-operate in letting the dispute be settled in the manner in which the Persian Government bound itself and all its successors to do in the Concession of 1933.

6. For your own information, not to be mentioned to Dr. Mosaddiq at this stage, if the Persian Government should not see fit to let the matter be decided by arbitration once the company has demanded this, then we are advised that the right of His Majesty's Government under international law to take up the case of the company, which is a United Kingdom national, becomes unanswerable. The company has had its valuable rights established under the concession injuriously affected by a Persian enactment when Article 21 provided that this should not be so. The company has appealed to the only remedy which is open to it, namely, arbitration under Article 22. That remedy has been rendered illusory by the Persian Government. His Majesty's Government have the right to bring that complaint against the Persian Government before the International Court of Justice at The Hague. They would hope that in this event the Persian Government would, if it is confident of the rightness of its cause, collaborate in enabling the court to give a decision as quickly as possible. His Majesty's Government believe that the court in any case has jurisdiction to entertain His Majesty's Government's application by virtue of the fact that both Governments have accepted the optional clause of the Statute of the Court.

EP 1531/302

No. 38

No. G 15301/398/51

OIL NATIONALISATION LAW OF 1st MAY, 1951

Tehran,
May 7, 1951.

By the grace of Almighty God
Pahlavi Shahinshah of Persia
hereby command, by virtue of Article 27 of the Supplementary Constitutional Law that:

Article 1

The Bill concerning the procedure for enforcement of the law concerning the

nationalisation of the oil industry throughout the country which was approved by the Senate and the Majlis on 9th Urdibehisht (30th April) and is hereto attached may be enforced.

Article 2

The Council of Ministers are charged with the enforcement of this law.

The text of the Bill concerning procedure for enforcement of the decision relating to the nationalisation of oil, as approved by the two Houses of Parliament after amendments by the Majlis.

Article 1

With a view to arranging the enforcement of the law of 24th and 29th Esfand, 1329 (15th and 20th March, 1951), concerning the nationalisation of the oil industry throughout Persia, a mixed board composed of five Senators and five Deputies elected by either of the two Houses and of the Minister of Finance or his Deputy shall be formed.

Article 2

The Government is bound to dispossess at once the former Anglo-Iranian Oil Company under the supervision of the mixed board. If the company refuses to hand over at once on the grounds of existing claims on the Government, the Government can, by mutual agreement, deposit in the Bank Milli Iran or in any other bank up to 25 per cent. of current revenue from the oil after deduction of exploitation expenses in order to meet the probable claims of the company.

Article 3

The Government is bound to examine the rightful claims of the Government as well as the rightful claims of the company under the supervision of the mixed board and to submit its suggestions to the two Houses of Parliament in order that the same may be implemented after approval by the two Houses.

Article 4

Inasmuch as the nationalisation of the oil industry was also approved by the Senate on 29th Esfand (20th March, 1951) and inasmuch as all income from oil and oil products are the established property of the Persian nation the Government is bound to audit the company's accounts under the supervision of the mixed board which must also closely supervise exploitation as from the date of the implementation of this law until the appointment of an executive body.

Article 5

The mixed board must draw up, as soon as possible, the statute of the National Oil Company in which provision is to be made for the setting up of an executive body and a supervisory body of experts, and must submit the same to the two Houses for approval.

Article 6

For the gradual replacement of foreign experts by Persian experts the mixed board is bound to draw up regulations for sending, after competitive examinations, a number of students each year to foreign countries to undertake study in the various branches of required knowledge and gain experience in oil industries, the said regulations to be carried out by the Ministry of Education after the approval of the Council of Ministers. The expenses connected with the study of such students shall be met out of oil revenues.

Article 7

All purchasers of products derived from the wells taken back from the former Anglo-Iranian Oil Company can in future buy annually the same quantity of oil they used to buy annually from the company from the beginning of the Christian year 1948 up to 29th Esfand, 1329 (20th March, 1951), at a reasonable international price. For any surplus quantity they shall have priority in the event of equal terms of purchase being offered.

Article 8

All proposals formulated by the mixed board for the approval of the Majlis and submission to the Majlis must be sent to the Oil Commission.

Article 9

The mixed board must finish its work within three months as from the date of approval of this law and must submit the report of its activities to the Majlis in accordance with Article 8. In the event of requiring an extension it must apply, giving valid reasons, for such extension. Whilst, however, the extension is before the two Houses for approval the mixed board can continue its functions.

PERSIAN OIL—THE LEGAL CASE

To His Majesty's Representatives abroad(No. 99. Intel)
(Telegraphic)*Foreign Office.*
May 8, 1951.

The Anglo-Iranian Oil Company (A.I.O.C.) are about to serve a notice of arbitration on the Persian Government, and will inform them that this action will be made public. Meanwhile, His Majesty's Ambassador at Tehran, in urging on the Persian Prime Minister the wisdom of an early and negotiated settlement, is stressing *inter alia* the legal aspect of the case, and informing Dr. Mosaddiq that this formal demand for arbitration (which is deemed necessary to protect the company's position) need not in our view impede negotiations.

2. This, and increasing Persian efforts to gain support abroad for their case, may raise questions concerning the legal issues involved. In defending the company's right to take the dispute to arbitration, you may use the following arguments (though without attributing them to His Majesty's Government).

3. The recent enactment by the Persian legislature makes a complete change in the position of the A.I.O.C. as compared with the position which it had under its concession of 1933. Under the concession the company is the owner of all its installations in Persia. Under the new enactment it appears to cease to be the owner of all its installations in Persia and it is not even clear if in law it has the possession of them. Under the concession the company is the owner of the revenues it realises from its operations, being under a duty to make certain payments to the Persian Government therefrom. Under the new enactment the company ceases to be the owner of these revenues and control of them is taken away from it, and there is merely set aside a portion of the revenue for the purposes of compensating the company. Many other respects in which the new enactment would affect the position of the company as it exists under the concession can be given.

4. The Concession of 1933 had a double character. First, it was a contract between the Persian Government and a foreign company concluded under the auspices of the League of Nations after previous threatened action by the Persian Government depriving the company of its rights under its previous concession had been brought by His Majesty's Government before the League of Nations. Secondly, it

was ratified by the Majlis and became a Persian law.

5. The concession contained two very important provisions:—

- (a) that the position of the company under its concession should never be altered by action of the Persian Government or even by Persian legislation (Article 21) except as the result of an agreement between the company and the Persian Government;
- (b) that if the Persian Government had any complaint against the company or *vice versa* and the dispute could not be settled otherwise, it was to be referred to arbitration under Article 22, the arbitral tribunal being presided over by an umpire appointed by the arbitrators themselves or, in default of their agreement, by an outside authority namely the President of the Hague Court.

These two articles show that this concession was placed on quite a different footing from an ordinary contract between the Persian Government and a company. Disputes arising out of it were not to be subject to the Persian Courts. The remedy of the company and the Persian Government was arbitration under Article 22. Secondly, the Persian Government was bound not to exercise what might have otherwise been its sovereign right of cancelling or expropriating the concession in return for compensation. This was agreed to after a dispute had arisen between His Majesty's Government and the Persian Government, arising from a proposal of the Persian Government in the time of Riza Shah, to alter the company's previous concession by unilateral legislative action.

6. The Persian Government claims that it has grievances against the company because the company has not fulfilled the terms of its concession properly. If that is so, the Persian Government's remedy was arbitration. That was the remedy which it bound itself to exercise instead of proceeding unilaterally. The company now complains of the enactment, which is a unilateral alteration of its position contrary to Article 21. It has the right to appeal to Article 22 and demand arbitration. It is

clearly the legal duty of the Persian Government as well as of the company to co-operate in letting the dispute be settled in the manner in which the Persian Government bound itself and all its successors to do in the Concession of 1933.

7. You may also find it necessary to refute the Persian argument that the 1933 Concession Agreement was concluded "under duress" and is therefore null and

void. The fact is that when the present agreement was under negotiation in 1933 Riza Shah accepted the terms of the present concession and instructed his negotiators to sign it on behalf of the Persian Government. Ratification by the Majlis followed. If therefore duress was applied it was by the Shah.

8. A further Intel on recent events in Persia follows.

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No. 40

LETTER FROM THE CHIEF REPRESENTATIVE OF THE ANGLO-IRANIAN OIL COMPANY TO THE PERSIAN PRIME MINISTER,
DATED 8th MAY, 1951

(No. 357)
(Telegraphic)

Your Excellency,

I am instructed by Sir William Fraser, Chairman of the Anglo-Iranian Oil Company Limited, to submit to you the following notification on his behalf:—

"Your Excellency,

The measures recently introduced in respect of the oil industry in Iran clearly have the object of either bringing the Concession held by the Anglo-Iranian Oil Company Limited, to an end, or annulling it before the date provided therein for its termination, by a unilateral act of the Imperial Iranian Government in breach of Articles 26 and 21 of the Concession Agreement or unilaterally altering the terms therein contained in breach of Articles 21 and 1 of that Agreement.

Therefore I on behalf of the company and in accordance with the rights reserved to it by Articles 22 and 26 of the Concession Agreement beg to notify the Government that the Company requests arbitration for

the purpose of determining whether in so attempting to annul, or terminate the Concession or to alter the Concession Agreement the Government has acted in accordance with the terms of the Concession Agreement and for the purpose of establishing the responsibility for and determining the consequences of the breach above referred to.

I further beg to state that the company has appointed the Right Hon. Lord Radcliffe, G.B.E. as its arbitrator and that he has given his consent to act.

Finally, the company, in view of the gravity of the situation brought about by the measures above referred to, expresses the hope that the Government will appoint its arbitrator at the Government's earliest convenience."

I shall be glad if your Excellency will kindly acknowledge receipt of the above notification from Sir William Fraser.

With the assurance of our highest esteem,

For Anglo-Iranian Oil Company Limited,
N. R. SEDDON.

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No. 41

ANGLO-PERSIAN OIL DISPUTE

To Sir F. Shepherd (Tehran)(No. 363. Confidential) *Foreign Office.*
(Telegraphic) *May 8, 1951.*

Following is text of aide-mémoire communicated by Persian Ambassador to me to-day. [Begins.]

I have received your Excellency's message through the intermediary of the Iranian Ambassador in London.

I, also, for my part, have the utmost interest in maintaining the good relations and the strengthening of the foundations of friendship with Great Britain, and I consider it necessary that certain misunderstandings should be completely cleared.

The former Anglo-Iranian Oil Company's conduct and activities constituted one of the causes of the misunderstandings which gave

rise to the dissatisfaction of the Iranian nation, and not infrequently, to the belief that British officials were involved. It is certain that following the execution of the law of implementation of the nationalisation of oil industry throughout the country, the causes of dissatisfaction will disappear. The strengthening and consolidation of Persia's friendship with Great Britain are not only to the good and interest of both the countries, but also to the good and welfare of all democratic States and peace of the world.

The object of the nationalisation of the oil industry is fully evident. The Persian nation wishes to exercise its sovereign rights and to undertake the exploitation of its own oil resources; it has no other object in mind other than the implementation of the law of nationalisation of the oil industry. Under Articles 2 and 3 of this Law (a copy of which is attached), the Persian Government is ready to consider the claims of the former oil company—an act which in no way bears comparison with the Communist way of conducting affairs, as referred to by your Excellency.

Likewise, in accordance with Article 7 of this Law, the Persian Government is prepared to sell petroleum to its former buyers at fair international rates.

It is the sovereign right of every nation to nationalise its industries. Assuming that agreements or concessions have been concluded with persons or private companies in respect of these industries and assuming that from a juridical aspect these agreements and concessions are considered to be valid, the fact remains that they cannot form a barrier against the exercising of national sovereign rights nor is any international office competent to consider such cases.

By exercising its sovereign rights, the Imperial Persian Government wishes to strengthen the economic structure of the country through its oil revenues and to provide for the general welfare of its people and to put an end to general poverty and dissatisfaction. This measure will bring about the prosperity and tranquillity of Persia and will prevent any disorder and disturbance.

With regard to the principal issue, in accordance with the law of implementation of nationalisation of the oil industry throughout the country, a mixed board is to be set up by the Senate and Majlis from among their members, and as soon as this board has been formed, which will be a matter of a few days, the former oil company will be invited for arranging matters and implementation of the law.

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No. 42

CONVERSATION BETWEEN THE SECRETARY OF STATE AND THE PERSIAN AMBASSADOR

British Oil Interests in Persia

Mr. Morrison to Sir F. Shepherd (Tehran)

(No. 82. Confidential) *Foreign Office, Sir, May 8, 1951.*

The Persian Ambassador called on me at his request to-day and handed in the Aide-Mémoire of which the text was contained in my telegram No. 363 of to-day's date. In reply to my enquiry, his Excellency made it clear that he was not authorised to discuss the matter.

2. I remarked that the contents of this Aide-Mémoire created a most serious situation. The technique of unilateral

action which it implied had already become all too familiar to us in other parts of the world. The matter would be studied and we should be communicating further with his Government in due course. In the circumstances I had no more to add.

3. I am sending copies of this despatch to Washington, B.M.E.O. (Cairo) and U.K. Del. (New York).

I am, &c.

HERBERT MORRISON.

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No. 43

ANGLO-PERSIAN OIL DISPUTE

(1)

To Sir O. Franks (Washington)

(No. 1981. Confidential) *Foreign Office, May 11, 1951.*

My two immediately following telegrams contain (a) draft instructions to His Majesty's Ambassador at Tehran and (b) the text of an aide-mémoire to be communicated to the Persian Prime Minister in reply to his message of which the text was contained in my telegram No. 363 of May 8th to Tehran.

2. The lines of (b) have been generally approved by Ministers. In view, however, of the fact that our proposed reply hints at the possible use of force, we wish before it is sent to Mosaddiq to assure ourselves that the United States Government agree with the line we are taking, realise the possible consequences and will give us their full support if Mosaddiq refuses negotiation.

3. As will be evident from instructions at (a), His Majesty's Government take a most serious view of the apparent intention of Mosaddiq to proceed by unilateral action, merely discussing with the Anglo-Iranian Oil Company the manner of taking over their installations, and of his implied refusal to respond to the offer of negotiation which we have constantly made to him. In view of the world-wide consequences of our losing control over Persian oil, and the great danger of repercussions elsewhere in the Middle East if we tamely acquiesce in ejection from Persia, it is considered that if the Persian Government proceed by unilateral action to take physical possession of the company's installations we should have to consider very seriously even the use of military force if only to protect the lives of British nationals. You will appreciate that the whole situation in Persia is most unstable and that there is a very real danger of the Government there losing control of the situation and opening the door to something in the nature of a revolutionary *coup* by the Tudeh Party. If we took no action in face of this we would clearly have to reckon with the loss of Persia to the Communist cause with the gravest consequences throughout the Middle East. Naturally the use of force would require most careful consideration in view of its probable repercussions in many fields, and we should not wish to proceed

with such measures without the closest consultation with the United States Government. We believe, however, that provided the Americans and ourselves speak with the same voice, Mosaddiq will realise the necessity of abandoning his present attitude and of agreeing to receive and negotiate with the Mission which we should in that event send out. I shall be telegraphing separately on this latter point.

4. I should be glad therefore if you would now discuss with the State Department the contents of my two immediately following telegrams and urge them strongly to instruct Grady to give us all possible support with Mosaddiq, stressing our views on the gravity of the issues involved on lines which will already be familiar to you. In doing so you should stress that at this stage it is not a question of deciding on what lines we could eventually seek a settlement with the Persian Government by negotiation, but of exhibiting the necessary degree of firmness to deflect Mosaddiq and his Party from their present course and to induce them to negotiate. The crucial point is that the Americans should make it clear to Mosaddiq that he must not under any circumstances take forcible action to seize the company's property and that if he were to do so, thus rejecting a negotiated solution, the Americans would give us their full support in any consequential developments. If, however, the Americans show signs of making their support conditional on our agreeing subsequently to negotiate on lines which they could approve, you should say that since the Washington talks we have been working continuously on the subject and are prepared to go if necessary substantially further than the scheme which you then outlined. We realise that if we are to secure full American support we must have some sort of prior agreement about the line to be taken in negotiation, and while our paramount objective must remain the retention of effective control in British hands, we should be prepared to discuss possible solutions with the Americans in due course. But in our view it is so urgent to deliver a firm reply to Mosaddiq before his Government take an irrevocable step and thereby precipitate a grave crisis that we

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wish for the moment to concentrate on this without getting involved in details of possible lines of negotiation, discussion of which must inevitably take some little time. We hope in fact that it may be possible to obtain the State Department's reply in time to send our instructions to Sir F. Shepherd in the next two or three days at latest.

5. You might take the opportunity to thank the State Department for the com-

munication reported in your telegram No. 409 of 9th May, which we much appreciate, and to suggest that it would be of great advantage in the present situation if some indication of their attitude could be conveyed to the Persian Government, since the latter's attitude might well be modified if they thought that they would not be able to call upon American assistance in running the installations.

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(2)

To Sir O. Franks (Washington)

(No. 1982. Confidential) *Foreign Office,*
(Telegraphic) *May 11, 1951.*

My immediately preceding telegram.

Draft instructions to His Majesty's Ambassador at Tehran.

My immediately following telegram contains the text of an aide-mémoire replying to Mosaddiq's message, which you should communicate to him at the earliest possible moment. A copy will also be given to the Persian Ambassador here.

2. In making this communication, you should leave Mosaddiq in no doubt that the tone of his message has created a deplorable impression here. I have been at pains to make clear, both in the House of Commons and in previous messages to him, that His Majesty's Government while not prepared to negotiate under duress were anxious to settle this matter by negotiation. Mosaddiq's response appears to be a flat rejection of this approach and a reassertion of his intention to proceed by unilateral action.

3. His Majesty's Government cannot accept this procedure, which smacks of a technique with which we have become all too familiar in other parts of the world but which we did not expect to encounter in a country with whom we have long had such close and friendly relations. As you have

already pointed out to him, dispossession of the company could only lead to economic chaos in Persia and consequently would produce exactly the contrary of those aims which he professes to be pursuing, and with which we fully sympathise. We are not prepared with folded arms to watch him embark on a course from which only the Communists can profit. We are convinced of the strength of the company's legal position, and of our own right to intervene to protect its interests if the Persian Government refuse its demand for arbitration and our invitation to negotiate. Precipitate action by Dr. Mosaddiq could not fail to have the most serious consequences for Persia.

4. Finally, you should try to ascertain from Mosaddiq whether the Persian Government would be willing to enter into negotiations with a Mission led by a member of the Government. As is indicated in paragraph 7 of my immediately following telegram, His Majesty's Government are prepared to send a Mission to Tehran. It would be a governmental Mission since the interests of His Majesty's Government and the company are identical in this matter.

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(3)

To Sir O. Franks (Washington)

(No. 1983. Confidential) *Foreign Office,*
(Telegraphic) *May 11, 1951.*

My immediately preceding telegram.

Draft aide-mémoire to the Persian Prime Minister.

I have received through His Imperial Majesty's Ambassador in London your

reply to the message which I sent to you through him on May 2. I regret to find that it contains no response to the suggestion which I made, and which I have since reaffirmed publicly, that His Majesty's Government in the United Kingdom wish to see the question of the future operations

of the Anglo-Iranian Oil Company in Iran settled by negotiation, but instead appears to assert a right by the Imperial Government of Iran to proceed by unilateral action to dispossess the Anglo-Iranian Oil Company.

2. His Majesty's Government fully understand and sympathise with the desire of the Iranian Government to strengthen the economic structure of their country and to provide for the general welfare of its people. They themselves have constantly shown in practical ways that these objects are of deep concern to them. They find it difficult to believe, however, that the unilateral action which the Iranian Government are proposing to take will contribute towards their fulfilment.

3. His Majesty's Government, moreover, neither desire nor intend to question the exercise by Iran of any sovereign rights which she may legitimately exercise. They maintain, however, that the action now proposed against the company is not a legitimate exercise of those rights. The 1933 Agreement is a contract between the Persian Government and a foreign company concluded under the auspices of the League of Nations after an attempt by the Iranian Government to deprive the company of these rights under its previous concession had been brought by His Majesty's Government before the League of Nations. It was, moreover, ratified by the Majlis and became Persian law. Further, the agreement contains two very important provisions:—

- (a) that the position of the company under its agreement shall never be altered by action of the Iranian Government or even by Iranian legislation (Article 21) except as the result of an agreement between the company and the Iranian Government;
- (b) that if the Iranian Government had any complaint against the company or *vice versa* and the dispute could not be settled otherwise, it was to be referred to arbitration (Article 22), the arbitral tribunal being presided over by an umpire appointed by the arbitrators themselves or, in default of their agreement, by the President of the International Court of Justice at The Hague.

4. The essential point is not the right of a sovereign Power by its legislation to

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nationalise commercial enterprises carried on within its borders nor what is the measure of compensation it should pay for doing so: it is the wrong done if a sovereign State breaks a contract which it has deliberately made not to exercise such a right.

5. If as your Excellency claims the Iranian Government had grievances against the company, their remedy, as I have shown above, was to seek arbitration. That course has not been adopted. Instead, the Iranian Parliament have enacted a law which envisages a fundamental change in the status of the company. The company therefore had no alternative but to make known to the Iranian Government its wish to take the whole matter to arbitration.

6. The Anglo-Iranian Oil Company is a British company registered in the United Kingdom; moreover, His Majesty's Government own a majority of the shares in the company. It is clear, therefore, that His Majesty's Government have the fullest rights to protect its interests in every way they properly can. The company has had its valuable rights established under the Agreement injuriously affected by an Iranian enactment when Article 21 provided that this should not be so. The company has appealed to the only remedy which is open to it, namely, arbitration under Article 22. If that remedy should be rendered illusory by the Iranian Government, then the question must become an issue between the two Governments. His Majesty's Government would have an unanswerable right under international law to take up the case, and, if they deemed it expedient, to bring their complaint against the Iranian Government before the International Court of Justice at The Hague. In that contingency, they would hope that the Iranian Government would collaborate in enabling the Court to give a decision as quickly as possible.

7. On the other hand, His Majesty's Government still hope that the problem can be solved by negotiation to the satisfaction of all concerned. The interests of His Majesty's Government and the Anglo-Iranian Oil Company in this matter are identical, and I take this opportunity to reaffirm that His Majesty's Government are prepared to send a Mission forthwith to Tehran to discuss the terms of a new agreement. I earnestly trust that your Excellency will be prepared to agree to this procedure and to conduct negotiations with a Mission on a fair and equitable basis.

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8. In conclusion, I note that your Excellency has reciprocated the desire which I have already expressed to you of maintaining good relations and strengthening the foundation of friendship between Iran and the United Kingdom. I should, however, be less than frank if I did not say that a refusal on the part of the Iranian

Government to negotiate, or any attempt on their part to proceed by unilateral action to the implementation of the recent legislation, could not fail gravely to impair those friendly relations which we both wish to exist and to have the most serious consequences.

EP 1531/340

No. 44

NATIONALISATION OF THE OIL INDUSTRY IN PERSIA

Analysis of the Situation

Sir F. Shepherd to Mr. Morrison. (Received May 16)

(No. 141. Confidential) *Tehran,*
Sir, *May 12, 1951.*

The passage of an Act to nationalise the oil industry in Persia is undoubtedly a landmark in Persian post-war development though its precise significance is not yet apparent. It will, however, be of interest to analyse the causes which have led to this event.

2. It seems clear that at the time of the negotiation of the Supplemental Oil Agreement both the Shah and his Prime Minister, Mr. Sa'id, were convinced that the needs of the country could best be served by the early signature of a reasonable agreement which would provide at once sufficient finance to enable Persia to proceed with the implementation of the Seven-Year Plan and the consequent improvement of the condition of the people. Although neither of these personalities was free from the Persian tendency to believe the utmost ill of others, they neither of them were unduly suspicious or critical of the activities of the Oil Company. In their view the need for funds for social and other reforms outweighed any disadvantages that the foreign control of the oil industry presented. I am not familiar with the birth throes of the National Front, but it would appear that the group headed by Dr. Mosaddiq, were

equally aware of the need for reforms but suffered from the old-fashioned but unfortunately deep-rooted prejudice against British policy in Persia, and were prepared to blame the misfortunes of the country on the belief that the Oil Company was granting insufficient revenues. Their remedy therefore was to increase the rates from the Oil Company and at the same time to diminish as much as possible what they considered the excessive British control of this very important source of Persian revenue. They were at the same time ambitious for political success and were aware of the appeal of such a policy to the population. They therefore wished to secure a political victory against the Oil Company first and tackle reforms later. This fundamental difference of approach has persisted during the past eighteen months.

3. In retrospect, the protagonist of the former attitude has undoubtedly been the Shah himself. I do not know to what extent Mr. Sa'id felt that the National Front's opposition to the Supplemental Agreement would make unduly difficult his task of securing its ratification, but there is little doubt that his successor, Mr. Ali Mansur, was given as his main task by the Shah the settlement of the oil question.

Mr. Ali Mansur's convictions were perhaps not very strong, and it is certain that he displayed little enthusiasm for his task. The whole matter might have been settled long ago if either of these Prime Ministers had adopted the procedure later chosen by the National Front and demanded double urgency for settlement of the Oil Bill in the Majlis. The Shah next chose General Razmara who, in his opinion, was not only a loyal officer but a man of determination. General Razmara enjoyed the somewhat outspoken support of the American Embassy, and there was a considerable body of opinion at the time of his appointment which felt that a strong Government was overdue. Both the Americans and ourselves, however, impressed upon the Shah the need for action on constitutional lines, although there would be no objection to the dissolution of the Majlis which had shown itself to be both inefficient and obstructive, provided that new elections were called for in a constitutional manner. For this reason and because the nomination of a general as Prime Minister created some nervousness that a dictatorship might be in sight, General Razmara relinquished his military title and went out of his way to placate the Majlis and to show that he proposed to govern in a democratic fashion. By this time, however, the Majlis had got into the habit of baiting the Government and Mr. Razmara's parliamentary experience did not fit him to secure their co-operation. He also set his face against corruption, and although he was not able to eliminate it, his policy was sufficiently effective to incur the dislike of many Deputies who considered certain amenities to be their right. In this atmosphere it was easy for the National Front to gain popularity and influence and they were encouraged by their initial successes to create and apply an organisation of intimidation which ensured for them an influence in the Majlis out of all proportion to their numbers. The National Front perhaps more than other parliamentary factions wished to prevent the Government from laying its hands on large sums of money. These factors, combined with their holding the chairmanship and secretaryship of the Majlis Oil Commission, greatly handicapped and in the end prevented any attempt at a reasonable approach to the oil problem on the basis of the Supplemental Agreement. They were able to prevent any publicity in favour of the Oil Company or of the agreement, and when the Finance Minister eventually dared to point out some

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of its advantages he was hounded out of office. - Thus encouraged, the National Front turned a spotlight on their demand for nationalisation. The Prime Minister by this time had two trump cards in his hand, one the offer of the company to negotiate an agreement on a 50-50 basis, and the other their undertaking, in spite of the rejection of the Supplemental Agreement, to pay to the Persian Government sums amounting to £28½ million in the course of 1951. Mr. Razmara, however, decided to keep these trumps in his hand until after he had collected the opinions of his Government departments against the nationalisation of oil. Unfortunately he was murdered only four days after giving testimony to this effect in the Majlis Commission and the resulting nervousness and uncertainty led by a rapid series of steps to the present position.

4. The further deterioration of the situation took place during the premiership of Mr. Ala, a person of great respectability and some determination, who unfortunately was not a strong enough character to build up an opposition to the National Front who by now had got the bit between their teeth. It was thought, however, that the National Front, having secured the passage of a law endorsing the principle of the nationalisation of the oil industry, were somewhat afraid of the consequences of their success. A sub-committee of the Oil Commission was appointed with the object of co-opting members of the Senate and members of the Government so that responsibility for further developments could be spread beyond the Majlis Commission itself. This sub-committee, however, took upon itself to draft a law incontinently nationalising the industry, dispossessing the Anglo-Iranian Oil Company and claiming for the Persian nation the entire income from the production and sale of oil. This proposal was too much for Mr. Ala, who resigned. The Shah had it in mind to appoint Mr. Sayyid Zia-ud-Din Tabataba'i as Prime Minister and the latter was confident of securing a majority. A member of the Majlis, however, made what may well have been a rhetorical suggestion that since Dr. Mosaddiq had created the situation in which the country found itself he should be made Prime Minister in order to undertake the application of the new law. This suggestion seems to have struck members of the Majlis as being an easy way out of their difficulties and they accordingly endorsed it rather to their own surprise, and that of both the Shah and Mr. Sayyid

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Zia-ud-Din who were at that moment discussing the formation of the latter's Cabinet.

5. The success of the National Front thus represents a victory for those who, while vaguely desiring reforms, felt that the easiest way to improve conditions in the country would be to squeeze more money out of the oil company and at the same time to possess themselves of its installations and organisation. There is no doubt that there is a strong feeling in the country that reforms should have been undertaken since the war and it is easy for the population to persuade themselves that failure to achieve them is entirely due to the extortionate agreement with the oil company.

6. The impact of this feeling is important from the point of view of the international position of the country. Persia is in the habit of playing off Russia against Great Britain. As I have pointed out in a previous despatch, the post-war hostility of Russia resulting from the formation of the Azarbaijan Democratic Republic was retracted when the Russians changed their tactics in August 1950 and suggested the negotiation of a commercial agreement. The relief with which the switch from hostility to apparent friendliness was greeted in Persia left the Persians freer than they had been for some years to direct their traditional xenophobia towards Great Britain and America. This natural swing of sentiment greatly aided the National Front in their campaign for the nationalisation of oil so that the party has come to power on the crest of an emotional wave.

7. In these circumstances, it will be important in the immediate future to consider concurrently two separate problems: firstly, the problem of satisfying to some reasonable extent the Persian feeling that they should have some control over

the oil industry, and, secondly, the problem of translating the existing xenophobia towards the West into the more reasonable feeling of friendship which Persians as a whole feel to be more comfortable. The solution of these twin problems is, I think, to be found in a judicious mixture of reason and firmness. The majority of Persians are anxious to be friendly with Great Britain, if only because they know that she is her only bulwark against absorption by Soviet Russia. British prestige is, however, less than it was before the war owing to the grant of independence to India and Pakistan. Persians feel that the solidarity of power of the British Empire has been impaired and that they cannot look to the same support from their immediate eastern boundaries as in the past. It is, therefore, all the more necessary for us to show that we still possess both the power and the preparedness to defend our interests. At the same time we must not push this firmness to the point of refusing to recognise what is reasonable in Persian aspirations. It seems doubtful whether a solution can be found with the present Government, but there is no reason to suppose that with patient handling the situation cannot be turned to the mutual advantage of both the Persians and ourselves. If this can be done the result should be the tranquillisation of the present unsettled situation in the country and the re-establishment of Persian confidence in our ability and consequently her own to keep the Russians at bay.

8. I am sending a copy of this despatch to His Majesty's Ambassadors at Washington, Bagdad, Jedda and Moscow, to the Head of the British Middle East Office in Cairo and to the United Kingdom High Commissioners at New Delhi and Karachi.

I have, &c.

F. M. SHEPHERD.

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No. 45

ANGLO-PERSIAN OIL DISPUTE

To Sir F. Shepherd (Tehran)

(No. 65. (S.) Secret) Foreign Office,
(Telegraphic) May 19, 1951.

In the event of Mosaddiq's reply to your present representations and aide-memoire being unsatisfactory, we have been considering whether the immediate next step, before invoking International Court procedure, should not be a formal approach to the Shah on the following lines.

2. He will realise that the follies of Dr. Mosaddiq and his party, if allowed to continue, not only risk precipitating a serious breach between Persia and the United Kingdom but seem likely to end in administrative and economic chaos. We understand that the Persian Government are already in a serious financial position, and this, combined with Dr. Mosaddiq's

lack of any positive policy other than nationalisation of oil, seems to preclude the possibility of any effective economic development for an indefinite period. Quite apart, therefore, from the disastrous consequences to Persia of any interruption in oil production and revenues, Dr. Mosaddiq's policy in our view threatens to create a situation which the Tudeh Party will not fail to turn to their advantage. Indeed, if this policy fails and the resignation of the Government becomes inevitable, there seems a serious danger that in the conditions which will by then have been created, the Tudeh Party might be enabled to seize power.

3. If the Shah agrees with this appreciation, he may wish to consider seriously whether he could in these circumstances, in the interest of his country, allow the present situation to continue. If he should come to the conclusion that it is his duty at this serious moment to give a positive lead, he could be assured that His Majesty's Government would give him their full support. In particular, if he should think it necessary to replace Mosaddiq with a Government prepared to negotiate with His Majesty's Government on a reasonable basis over the oil question, we on our side should be prepared to do everything possible to make for the success of such negotiations, e.g., the immediate despatch of a representative mission on the lines already indicated to Mosaddiq. We would also be very ready to consider the possibility of helping in any other way which the Shah might wish to

suggest. We are convinced that the personal loyalty which the Shah inspires amongst the Persian people, and particularly in the army, and the doubts which we believe to be felt by a majority of intelligent Persians regarding the wisdom of the present Government's course of action, would enable him to succeed.

4. Should the Shah, in reply to such an invitation, indicate that the degree of United Kingdom support which he would regard as necessary might include intervention by British troops, he could be told that this would be a very serious step which might provoke Russian intervention, and that we should not therefore wish to take it except in the last resort. In any case we do not think it should be necessary provided that the action which he himself took was sufficiently resolute.

5. Clearly any such approach would have considerably greater chance of success if the Americans could be induced to take parallel action. It would therefore be necessary before making it to ascertain whether the Americans would be prepared to support us. Since rapid action may become essential if Mosaddiq rejects our present approach, we should like to consult them as soon as possible, but before doing so we should be glad to receive your urgent comments as to its desirability and chances of success, together with any suggestions you may have to offer on arguments or tactics likely to induce the Shah to respond.

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No. 46

AIDE-MEMOIRE CONTAINING A MESSAGE FROM THE SECRETARY OF STATE FOR FOREIGN AFFAIRS TO THE PERSIAN PRIME MINISTER, DATED 19th MAY, 1951

(No. 146)

I have received through His Imperial Majesty's Ambassador in London your reply to the message which I sent to you through him on 2nd May. I regret to find that it contains no response to the suggestion which I made, and which I have since reaffirmed publicly, that His Majesty's Government in the United Kingdom wish to see the question of the future operations of the Anglo-Iranian Oil Company in Iran settled by negotiation. Instead it appears to assert that the Imperial Government of Iran has a right to proceed by unilateral action to the dispossession of the Anglo-Iranian Oil Company.

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2. His Majesty's Government fully understand and sympathise with the desire of the Iranian Government to strengthen the economic structure of their country and to provide for the general welfare of its people. They themselves have constantly shown in practical ways that these objects are of deep concern to them. They find it difficult to believe, however, that the unilateral action which the Iranian Government are proposing to take will contribute towards their fulfilment.

3. His Majesty's Government moreover neither desire nor intend to question the exercise by Iran of any sovereign rights

F* 2

which she may legitimately exercise. They maintain, however, that the action now proposed against the company is not a legitimate exercise of those rights. The 1933 Agreement is a contract between the Iranian Government and a foreign company, concluded under the auspices of the League of Nations after an attempt by the Iranian Government to deprive the company of its rights under its previous concession had been brought by His Majesty's Government before the League of Nations. It was moreover ratified by the Majlis and became Iranian law. Further, the agreement contained two very important provisions:—

- (a) That the position of the company under its agreement should never be altered by the action of the Iranian Government or even by Iranian legislation (Article 21) except as a result of an agreement between the Iranian Government and the company.
- (b) That if the Iranian Government had any complaints against the company, or *vice versa*, and the dispute could not be settled otherwise, it was to be referred to arbitration (Article 22), the arbitral tribunal being presided over by an umpire appointed by the arbitrators themselves or, in default of their agreement, by the President of the International Court of Justice at The Hague.

4. The essential point is not the right of a sovereign Power by its legislation to nationalise commercial enterprises carried on within its borders nor what measure of compensation it should pay for doing so. The Iranian Government in effect undertook not to exercise this right and the difference at issue is therefore the wrong done if a sovereign State breaks a contract which it has deliberately made.

5. If as your Excellency claims the Iranian Government had grievances against the company, their remedy, as I have shown above, was to seek arbitration. That course has not been adopted. Instead, the Iranian Parliament have enacted a law which envisages a fundamental change in the status of the company. The company therefore had no alternative but to make known to the Iranian Government its wish to take the whole matter to arbitration.

6. The Anglo-Iranian Oil Company is a British company registered in the United Kingdom, moreover His Majesty's Government own a majority of shares in the company. It is clear therefore that His Majesty's Government have the fullest right to protect its interests in every way they properly can. The company has had its valuable rights established under the agreement injuriously affected by an Iranian enactment when Article 21 provided that this should not be so. The company has appealed to the only remedy which is open to it, namely, arbitration under Article 22. If that remedy should be rendered illusory by the Iranian Government, then the question must become an issue between the two Governments. His Majesty's Government would have an unanswerable right under international law to take up the case, and, if they deemed it expedient, to bring their complaint against the Iranian Government before the International Court of Justice at The Hague. In that contingency they would hope that the Iranian Government would collaborate in enabling the court to give a decision as quickly as possible.

7. On the other hand, His Majesty's Government still hope that the problem can be solved by negotiation to the satisfaction of all concerned. The interests of His Majesty's Government and the Anglo-Iranian Oil Company in this matter are identical, and I take this opportunity to reaffirm that His Majesty's Government are prepared to send a Mission forthwith to Tehran to discuss the terms of a further agreement. I earnestly trust that your Excellency will be prepared to agree to this procedure and to conduct negotiations with a Mission on a fair and equitable basis.

8. In conclusion, I note that your Excellency has reciprocated the desire which I have already expressed to you of maintaining good relations and strengthening the foundations of friendship between Iran and the United Kingdom. I should, however, be less than frank if I did not say that a refusal on the part of the Imperial Government to negotiate, or any attempt on their part to proceed by unilateral action to the implementation of recent legislation, could not fail gravely to impair those friendly relations which we both wish to exist, and to have the most serious consequences.

ANGLO-PERSIAN OIL DISPUTE

To Sir G. Jebb (New York)

(No. 590. (S.) Confidential) *Foreign Office,*
(Telegraphic) *May 19, 1951.*

We have been examining alternative courses of action if the Persian Government should refuse negotiation and reject the Anglo-Iranian Oil Company's demand for arbitration.

2. One possibility would be to declare the matter to be an Anglo-Persian dispute and to take it to the International Court. Another might be to raise the matter before the Security Council.

3. It would seem desirable in any case to take the former step before the latter because—

(a) Article 36 (3) of the Charter states the general rule that legal disputes should be referred by the parties to the International Court.

(b) If we were to appeal to the Security Council before making application to the International Court, the Persian Government might be able to prevent a subsequent application to the Court by denouncing the Optional Clause thereby withdrawing themselves from the Court's jurisdiction with immediate effect.

4. If we made application to the International Court and the Persian Government then tried to evade or obstruct the Court proceedings while going ahead with their plans to take over the company's installations, submission of the case to the Security Council might have some advantages. A reference to the League of Nations in similar circumstances in 1932 produced good results and a similar move now might make any forcible action by the Persians less likely and less justifiable. We believe that they are attached to the principles of the United Nations and the mere fact of our submitting the case to the Council might give them pause. There is also always the possibility that the case might be raised in the Security Council on some pretext or

other by Persia or by Russia or some other Power, and it is therefore arguable that it would be preferable for us to get our blows in first.

5. In that event our case would presumably be that Persian action in the oilfields justified our intervention which in turn might result in a breach of international peace, and we might aim at securing the passage of a resolution calling on both parties to refer the case to the International Court and enjoining them to do nothing to prejudice the issue until the Court's decision had been announced.

6. We should presumably abstain from voting on such a resolution, and India might be expected to abstain or vote against it. It appears to us, therefore, that to obtain the required seven votes it would be necessary—

- (i) for the United States to back us wholeheartedly and secure the votes of Brazil, Ecuador and Nationalist China, and
- (ii) for either Yugoslavia or Turkey to vote in our favour.

Since, however, it would in fact be we who by our action were risking a disturbance of international peace, it seems to us doubtful whether these votes could be secured. In any case, Russia might veto the motion (although she might abstain as she did over the Corfu Channel case). Finally there is the risk that the Persians might seize the company's installations while our case was before the Security Council, but before it had been heard; in that event we might feel precluded from taking forceful measures to stop them, whereas the Security Council might not order them to desist.

7. On balance, therefore, we are inclined to doubt whether an appeal to the Security Council would be expedient. We shall, however, be glad to receive your views on the subject as soon as possible.

LETTER FROM THE PERSIAN MINISTER OF FINANCE TO THE CHIEF REPRESENTATIVE OF THE ANGLO-IRANIAN OIL COMPANY, DATED 20th MAY, 1951

Mr. Seddon, Representative of the former Anglo-Iranian Oil Company.

His Excellency the Prime Minister has instructed me to convey the following reply to your letter dated 8th May, 1951, addressed to him:—

In accordance with Acts of 15th and 20th March, 1951 and 30th April, 1951, copies of which are enclosed herewith,⁽¹⁾ the Petroleum Industry throughout Iran has been nationalised, and the Imperial Government is required to undertake itself the exploration for, and production, refining and exploitation of petroleum resources.

It perhaps needs no explanation that:—

Firstly the nationalisation of industries derives from the right of sovereignty of nations, and other Governments, among them the British Government and the Mexican Government, have in various instances availed themselves of this same right.

Secondly private agreements even supposing their validity is established cannot hinder the exercise of this right which is founded on the indisputable principles of International Law.

Thirdly the fact of nationalisation of

the petroleum industry, which derives from the exercise of the right of sovereignty of the Iranian nation is not referable to arbitration, and no international authority has the competence to deal with this matter.

In view of these premises the Iranian Government has no duty in the existing circumstances other than implementing the articles of the above-mentioned Acts and does not agree in any way with the contents of the letter of the former oil company on the subject of reference of the matter to arbitration.

You are meanwhile notified that in accordance with Articles 2 and 3 of the Act of April 1951 the Iranian Government is prepared to examine the just claims of the former oil company.

In conclusion, the former oil company is hereby invited to nominate immediately its representatives with a view to making arrangements concerning the matter and carrying out the above-mentioned Law so that the day, hour and place of their attendance should be notified.

MOHAMMED ALI VARASTEHI.

Minister of Finance.

⁽¹⁾ Not printed.

CONSTITUTIONAL POSITION OF THE SHAH OF PERSIA

Sir F. Shepherd to Mr. Morrison. (Received May 23)

(No. 150)

Tehran,

Sir,

May 21, 1951,

The events of the last three months in Persia have brought into prominence the constitutional position of the Shah and the influence, or lack of it, which he is able to exercise in a time of political crisis.

2. For the first three-and-a-half years after his accession in September 1941 he was preoccupied with the problems arising out of the presence of Allied forces in Persia and the use of the country as a supply route to Russia, and with the resumption of the working of the parliamentary system which had for all practical purposes been in abeyance since the rise to power of his father. The years 1945 to 1947 were overshadowed by Soviet designs on Persia. It was, there-

fore, not until the Soviet Government had been induced to withdraw its troops from Persia, the Persian Government had restored its authority in Azarbaijan and the Soviet-Persian Oil Agreement had been rejected by the Majlis, that the Shah was free to turn to social problems.

3. His view on these problems was and is a liberal and progressive one. He saw the disparity of wealth between the very few and the mass of the people and became an advocate of the equalisation of wealth and in particular of agrarian reform; with the background of his Swiss education, he was shocked by the poor living and working conditions of his people and became a supporter of measures designed to improve them, especially the Seven-Year Plan. At

the same time he was soon forced to realise that his country's legislature did not on the whole share his desire for reform and that being irremovable, it could hold up indefinitely any measures to which it objected. After suitable preparation and profiting from the popularity arising out of the attempt on his life in February 1949, the Shah obtained in April of that year the convention of a constituent assembly. This body passed a number of resolutions, the essential one of which granted him the right to dissolve both Chambers. He had already secured to some extent a reinforcement of his authority in the constitution of a Senate (provided for in the Constitution, but never assembled, half the members of which are nominated by the Crown).

4. This increased authority of the Crown was strongly criticised by many politicians and it remains the chief complaint of his political critics that he wishes to monopolise power for himself. His authority and the extent of his interference in day to day political matters is necessarily greater than that of a constitutional monarch in Western Europe, but his position is not that of a dictator and I do not believe that he has either the desire or the capacity to become one. A more valid criticism which is indeed almost universal in all political circles in Tehran is that he does not sufficiently check the members of his family and their entourage from interference in politics and their profitable incursions into business. Another point on which he has been excessively and in my opinion somewhat unfairly criticised is his changeability. It is true that in the matter of the purge commission his original enthusiasm diminished considerably, probably as a result of the haphazard way in which the commission carried out its task. But I myself since I have been here have found him appreciably more consistent than most of his Ministers with whom I have come into contact; his action in the matter of distributing his lands about which he has spoken to me regularly over the last year is a case in point.

5. I have referred above to criticisms of the Shah current in political circles. These criticisms are strong and constant and cannot be disregarded. But by itself the volume of feeling against him, although an embarrassment in the daily conduct of affairs, is not such as seriously to endanger his position. Indeed the only movements which might prove dangerous are a coalition of big landlords, alarmed at the prospect of agrarian reform following upon the division

of the Pahlavi estates, or a movement for self-preservation by Right-wing politicians and others caused by a possible Russian threat; or a combination of these two factors.

6. It would be satisfying to be able to report that in the event of a crisis, either foreign or domestic, the people would rally to support the monarch who has honestly attempted to do something to improve their lot. But although the Shah appears to enjoy a certain popularity (people turn out to cheer when he rides past a village) it is not effective as a political force and the people would be likely to acquiesce in his removal just as they now acquiesce in his continued presence. On the other hand there is no movement, other than the Tudeh movement, which is likely to upset the dynasty. Genuine republican sentiment is rarely found and there is no sentiment in favour of the dispossessed Qajar dynasty which is considered to have shown itself incapable of ruling.

7. There is, however, no doubt that the Shah's moral authority has suffered as a result of recent events culminating in the premiership of Dr. Mosaddiq. The Constitution gives the Shah the right to appoint Ministers, Parliament merely having the right to accept or reject the Shah's choice by means of a formal vote. The practice had grown up during the war of the Majlis proposing to the Shah its favoured candidate for the premiership, but beginning with the appointment of Mr. Sa'ad in November 1948 the Shah reasserted his right to appoint a Prime Minister before the Majlis expressed its opinion. This aroused increasing opposition from the Deputies, always jealous of their prerogatives whether real or imagined, and with the appointment of Mr. Razmara in this way this opposition was brought to a head. Thus when Mr. Razmara was assassinated the National Front, his particular enemies, led the Majlis in opposing "dictation" by the Shah, and Mr. Fahmi, Minister without Portfolio under Mr. Razmara, whom the Shah had charged with the temporary presidency of the Cabinet, was rejected by the Majlis. The Shah then made a tactical withdrawal and did not issue the firman appointing Mr. Ala until this candidate had received a "vote of inclination" from both Houses.

8. An even greater affront to the Shah's prestige was caused by the manner of Dr. Mosaddiq's advent to power. It was well known that the Shah was in favour of Sayyid Zia-ud-Din Tabataba'i becoming

Prime Minister. On the morning of 28th April he instructed the Speaker, Sardar Fakhir Hikmat, to obtain a vote of inclination from the Majlis in this sense. Mr. Hikmat returned an hour later to give the waiting Shah and Sayyid Zia the news that the Majlis had given Dr. Mosaddiq a vote of inclination by 79 out of 100, only 1 vote being cast for Sayyid Zia. Despite emphatic instructions to the Senate (half of which is nominated by the Shah) to give a vote of inclination to some other candidate the Senate the next morning voted in favour of Dr. Mosaddiq by 29 out of 43. The Shah's efforts to delay the passage of the Oil Bill met with no better success and he admitted his defeat by signing the promulgation of the Oil Law as soon as it was presented to him—usually it is ten or twelve days before a law is promulgated.

9. As a result of these happenings it is widely felt that the Shah is no longer, or at least not for the moment, a force in politics. It appears that Dr. Mosaddiq does not consult the Shah to any appreciable extent on the dominant political problem of the day, oil, and there have been stories that on occasions Dr. Mosaddiq has refused to go to the Palace when summoned by the Shah, pleading indisposition. It was, however, a welcome sign of firmness that the Shah

should have insisted on his Prime Minister coming to the Palace after I had left with His Majesty a copy of the aide-memoire on May 19th. The Shah's personal dislike of Dr. Mosaddiq may in turn have caused on his part a disinclination to discuss details of the oil question with the new Prime Minister and he does seem to share most Persian's attitude towards Dr. Mosaddiq which is "he got us into this mess, let him get us out (without any particular assistance from us)." Certainly the Shah continues to see Deputies and Senators and he remains in close touch with Sayyid Zia, but it is now realised that if Sayyid Zia is to come into office it will be as a result of his activity among Deputies and Senators and not as a result of the Shah's expressed wish. Similarly the oil problem will not be solved by the Shah counselling reason, but rather through pressure being brought to bear on Dr. Mosaddiq either economically or politically through the members of the Mixed Commission (resulting possibly in his resignation).

10. I am sending a copy of this despatch to His Majesty's Ambassadors at Washington and Moscow and to the Head of the British Middle East Office, Cairo.

I have, &c.

F. M. SHEPHERD.

EP 1016/12

No. 50

ACTIVITIES AND DEVELOPMENT OF THE TUDEH PARTY

(1)

Sir F. Shepherd to Mr. Morrison. (Received March 15)

(No. 91. Confidential) *Tehran.*
Sir, *March 12, 1951.*

In his despatch No. 54 of 18th February, 1950, Mr. Lawford submitted a report on the fortunes of the Tudeh Party since it had been proscribed following the attempt on the Shah's life on 4th February, 1949. I now have the honour to send you a review of the activities of this party and its development during the last twelve months.

2. The general conclusions reached by Mr. Lawford in the last paragraph of his despatch remain, with certain qualifications, true; but the party is now more strongly organised than a year ago and, while its direction is still clandestine, it has been able to find several ways of conducting propaganda and more or less overtly taking a

hand in current affairs. In February of last year the Tudeh Youth Organisation began publishing a weekly single-sheet organ called *Razm*, and in April the Tudeh Trade Union Central Council followed suit with a similar sheet, *Zafar*. These two newspapers, together with *Mardum*, have received a regular and, as far as I can judge, quite extensive distribution in Tehran, Abadan and Isfahan. Distribution in other provincial centres appears to be less. At the same time there appeared early in the year a newspaper *Bisuyi Ayandeh* (Towards the Future) which, although following very closely the Tudeh Party line, has been allowed to be sold openly, subject to the whims of officialdom—it at present appears under the name of *Navid-i-Ayandeh*. In the last month or two there has been a

veritable flood of "ephemerals," some bearing names reminiscent of former Tudeh publications. At the time of the launching of the Persian Association of the Partisans of Peace in July another crop of newspapers appeared, most of which also proved to be ephemeral, and these while ostensibly supporting the Partisans of Peace movement and canvassing for the Stockholm Manifesto naturally also acted as vehicles of Tudeh propaganda.

3. The official organ of the Persian Association of the Partisans of Peace, *Maslahat*, recently reappeared and this coincides with a recrudescence of public activity of the association. After staging a "variety concert" which included sketches about the war in Korea and the terrible effects of war in general and to which Members of Parliament, newspaper editors and other personalities were invited, the association recently staged a large demonstration at which the slogan was "Reduce the Defence Budget and Increase the Education and Health Budgets." (The Persian budget for the coming year beginning on 21st March has just been published but has not yet been debated by Parliament.)

4. The last month has also seen the creation of a National Association for the Struggle Against the Southern Oil Company which staged a mass demonstration in the Majlis Square on 16th February. This body is supported by the neo-Tudeh newspapers such as *Navid-i-Ayandeh* and is apparently opposed by the National Front which resents this rival upstart. It is noteworthy that while the National Front campaigns for the nationalisation of oil throughout Persia the National Association limits its demand for nationalisation to the southern oil.

5. The setting up of this National Association comes as a sequel to the growing interest which the clandestine Tudeh publications have been showing in the oil question. The question of the Supplemental Oil Agreement has been linked with that of the National Front's claim to speak for the Persian people. The Tudeh line is that the National Front has in fact sold out to the Anglo-American imperialists over oil and *Mardum* has conducted a journalistic war in this vein with the National Front newspapers which reply that the Tudeh Party and the Anglo-Iranian Oil Company have done a deal to seize Persia's northern and southern oil respectively. The Tudeh newspapers see this as part of a larger problem and say that the oil question

will never be resolved until the basic freedoms have been restored to Persia.

6. The most sensational and undoubtedly important event of the year for the Tudeh Party was the escape of ten of its most prominent captive members from the Qasr prison in Tehran on 15th December which I had the honour to report in my despatch No. 361 of 18th December. None of the escaped prisoners has been apprehended and the local press has recently reported that relations of two of them, Dr. Jaudat and Dr. Yazdi, have received communications from the fugitives which were dispatched from Paris. Perhaps the most disturbing feature of this escape was the fact that two police officers, sympathisers of the Tudeh Party, could occupy such positions of trust as officers of the guard on the prison in which the Tudeh leaders were detained. The police has in recent years had a reputation for numbering in its ranks Tudeh members or sympathisers and following on the escape some form of purge of police officers and cadets is said to have taken place though with what success cannot be judged. Although the actual escape from the prison was arranged by native talent the Persian authorities say the organisers had recourse to the Soviet Summer Embassy, conveniently situated not far from the prison, for the concealment of the fugitives and it was perhaps from there that those of their number who have left the country were spirited away.

7. The escape followed on two other notable victories, either substantive or moral, by the Tudeh Party. The first (no doubt itself a preliminary to the escape) was the return to Tehran of prisoners who had been sent to prisons in central and southern Persia. Although according to the Chief of Police this was done because special accommodation at the Qasr Prison had now been prepared for them it appeared as the climax to an intensive propaganda campaign in which the National Front newspapers had played a large part and which included public demonstrations in front of the Majlis by relatives of the prisoners, a delegation of whom were received by a National Front Deputy within the Majlis precincts. The other Tudeh victory was the quashing of the original sentence passed on the Tudeh prisoners by the military court and the ruling by the Supreme Court of Appeal that they should be re-tried by a civil court. Although, as reported in my despatch No. 361 of 1950, the civil court

returned the files to the military court pleading its own incompetence and at the time of their escape the prisoners were due to be retried by the military court the moral victory scored by the Tudeh Party over the "ruling clique" remained none the less real. Since the escape of 15th December a few of the remaining Tudeh prisoners have petitioned for a re-trial which has been accorded and they are now engaged in choosing their defence counsel and in completing the other preliminaries which spin out every Persian legal action.

8. There is reason now to consider the estimates of membership in paragraph 3 of Mr. Lawford's despatch exaggerated. Present information suggests that the number of Tudeh Party members in Persia is about 2,500 of whom by far the greatest number, possibly 2,000, are in Tehran. Isfahan might boast 200, Khuzistan 50 and the eastern Caspian provinces of Gilan, Mazandaran and Gorgan 200 while membership elsewhere is apparently negligible. Membership in the factories appears to have remained fairly constant during the year but the party organisation is believed to be suffering from a shortage of funds, partly as a result of employers deducting other union subscriptions from the workers' pay-packets so that they have not the money or the inclination to subscribe to Tudeh funds and partly because the organisation has had heavy expenses with printing and with sending couriers to and from Tehran.

9. As mentioned in paragraph 2 above, the means of propaganda created by the Tudeh Party have increased during the past year. The propaganda line, apart from the recent development of the oil theme, has not changed much since last year. The emphasis in *Mardum* is still mainly on internal events although from time to time the comrades are heartened in their struggle by news of Communist successes in Korea and South-East Asia generally and by the assurances that the progressive peoples of the world are with them and it is only a question of time before the rottenness of imperialism brings about its own destruction. The advent of Mr. Razmara to power intensified the hatred of the Tudeh for the existing régime and much has been made of accusations of oppression by the police and Second Bureau of the army. The different anniversaries in the Tudeh calendar have been celebrated in the various publications, sometimes with a special edition, and on a few occasions by some form of

physical demonstration, as, for example, on the formerly Zoroastrian, now Tudeh, autumn festival of Mihrigan when a huge bonfire was lit on the mountain behind Tehran, sparrows with small flags tied to them were released in cinemas and fireworks were thrown in the streets. Except during the period of intensive Stockholm Manifesto propaganda *Mardum* has given up its habit of headlining or footlining its issues with slogans. Instruction in the Tudeh doctrine is mostly reserved for *Razm*, the organ of the Tudeh youth, while *Zafar*, the organ of the Tudeh trade union movement, naturally concerns itself largely with industrial matters and reports of the oppression of the workers. Cyclostyled hand-written copies of *Mardum* are now distributed among Persian students in Paris and, it is claimed, also in London and Geneva.

10. To sum up: the direct and indirect propaganda activities of the Tudeh Party have increased considerably during the past year and it has shown that on some subjects, such as the return of the prisoners from the south, it can enlist the support of non-Tudeh opinion in the country. The escape of the Tudeh prisoners has shown that the party can contrive to have its agents in a particular post for a particular purpose though whether its organisation is widespread and well-placed enough at the present to be able to bring about a general uprising or suborning of the security forces of the country must still be considered doubtful. In this connection I venture to invite attention to my despatch No. 54 of 19th February in which I attempted to assess the present Russian policy towards Persia. At the same time there has in recent months been a weakening of the Government's attitude towards the Tudeh Party. While it may be going too far to say that the Government connived at the escape of the Tudeh prisoners, there had been signs that the Government has not pursued Tudeh members with the zeal that it once showed. The activities of the National Association for the Struggle Against the Southern Oil Company and the revived activities of the Persian Association of the Partisans of Peace have shown what can be done in complete safety and there have not recently been reports of people being arrested for issuing Tudeh pamphlets; and a week before the assassination of Mr. Razmara, newspapers, including those manifestly neo-Tudeh, have published a

proclamation by the Control Committee of the Tudeh Party saying that it had no part in the attempt on the Shah's life and the ban on it should therefore be lifted. Such was the softening attitude of the Razmara Government towards the Tudeh Party as it recommenced overt activities; in the absence of a new Prime Minister it is impossible to hazard a guess as to the future prospects of the party.

11. As an indication of the Tudeh Party's own assessment of its work during the past

(1) Not printed.

two years I enclose a summary translation⁽¹⁾ of a pamphlet given wide distribution in the streets of Tehran on 4th February, the second anniversary of the suppression of the party.

12. I am sending copies of this despatch to His Majesty's Ambassador at Washington and Moscow and to the Head of the British Middle East Office, Cairo, and to His Majesty's Consulates in Persia.

I have, &c.

F. M. SHEPHERD.

EP 1016/19

(2)

Sir F. Shepherd to Mr. Morrison, (Received May 23)

(No. 151. Confidential)

Tehran,

Sir,

May 21, 1951.

In my despatch No. 91 of 12th March I reported that the Tudeh (Communist) Party was increasing its activities in spite of its official proscription, and that the Persian Government have been showing less vigour in suppressing them. It is, in fact, now widely believed, though no evidence has yet been published, that Mr. Razmara himself connived at the escape of Tudeh prisoners mentioned in paragraph 6 of that despatch.

2. It was to be expected that the Tudeh would do their best to profit from the disturbed situation and weakening of governmental authority which followed the murder of Mr. Razmara. There was a noticeable time-lag before this expectation was translated into direct action but their underground organisation quickly adapted itself to the changed circumstances. The two crypto-Tudeh organisations, the Partisans of Peace and the Society for Struggle against the Southern Oil Company began to organise large and impressive demonstrations both in Tehran and the provinces, and thus Tudeh activity became overt and was not prevented by the authorities.

3. The party has made an all-out effort with the staging of strikes and disorders in the oil fields and Abadan which have been summarised in Mr. Furlonge's letter to Mr. Burrows of 26th April, 1951. The strikes which started with a sincerely-held, if minor grievance in the oil fields, were quickly fanned by a group of some thirty Tudeh agitators arriving from outside Khuzistan into a serious

movement which soon lost any appearance of a genuine industrial strike. As soon as the movement was on the way to settlement in the oil fields the agitators turned their attention to Abadan. Here, after riots which have been fully reported, they organised mass intimidation of workers so that though those really on strike were an insignificant number, work at the refinery was brought almost to a standstill, and it was nearly a fortnight before conditions returned to normal.

4. In principle the Ala Government which eventually succeeded that of Mr. Razmara was firmly opposed to the Tudeh and ready to combat them vigorously, since Mr. Ala never concealed his view that Persia must side unequivocally with the Western Powers in their struggle against Soviet domination. But like all principles in Persia, this one was slow in its translation into action, and in fact, few steps had been taken to implement it before Mr. Ala's resignation on 27th April.

5. His attitude to the disorders in the south was also influenced by the current dispute with the Anglo-Iranian Oil Company, and though he at first admitted to me that the Tudeh were responsible, he later took the line in public that the Anglo-Iranian Oil Company was to blame, and implied that the Tudeh were acting as the company's agents. This ambiguity slowed up the arrest of the agitators and restoration of order and security and perhaps was partly responsible for the failure to prevent large demonstrations organised by the Association for the Struggle against the A.I.O.C. in Isfahan, Resht and Tehran.

6. Dr. Mosaddiq naturally took a different line. Unlike Mr. Ala, he is a partisan of the classic Persian theory of neutrality between East and West and therefore reluctant to provoke the Russians by firm action against Persian Communism. By mentality and background he is opposed to any form of repression, having been driven out of politics and maltreated during the repressive dictatorship of Riza Shah. In addition, two of his most prominent supporters Hairizadeh and Shayigan have been leaders of the peace campaign.

7. His advent to power coincided with May Day, and his first action was to lift the ban on demonstrations for that day while urging, in a broadcast, order and moderation. The Tudeh responded handsomely, and he has persevered in appeasement by releasing on bail three prominent party members who have been imprisoned since February 1949, and transferring responsibility for the trial of Tudeh suspects from the military to the more indulgent, corruptible and Tudeh-infiltrated Ministry of Justice. He is even reported to be considering the legislation of the party. At the same time it should be noted that the Azerbaijan Democrat Radio continues its attacks on Dr. Mosaddiq unabated and the Communists appear to be content merely to take advantage of current political

developments in Tehran for their own particular ends.

8. However, at a lower level, action against the Tudeh seems to continue on the lines decided by Mr. Ala's Government, and a number of suspects have been arrested in Tehran, Shiraz and, according to latest reports, in Abadan.

9. The Tudeh themselves seem to wish to profit by Dr. Mosaddiq's attitude, although they continue on occasions to stage peace demonstrations, the last, estimated at 10,000, having been on 11th May. They have apparently renounced for the moment their intention of organising strikes in Tehran, and have addressed an open letter to the press demanding their legislation.

10. The United States action in urging moderation on the Persian Government in its oil nationalisation drive may well give an anti-American tinge to Dr. Mosaddiq's policy and he may be more ready to connive at the peace campaign, directed as it is by a section of his own supporters and having as its principal target United States action in the Far East.

11. I am sending a copy of this despatch to His Majesty's Ambassadors at Washington and Moscow and to the Head of the British Middle East Office, Cairo.

I have, &c.

F. M. SHEPHERD.

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No. 51

LETTER FROM THE PERSIAN MINISTER OF FINANCE TO THE CHIEF REPRESENTATIVE OF THE ANGLO-IRANIAN OIL COMPANY, DATED 24th MAY, 1951

(No. 511 A.)
(Telegraphic)

Mr. Seddon, Representative of the former Anglo-Iranian Oil Company.

With reference to our letter 9582 of 20th May, since you have not so far nominated your representatives for making arrangements to execute the law for the nationalisation of oil, I have to state:—

I am waiting every day in the Finance Ministry for your representatives.

Should you fail to nominate and send your representatives within one week, that is before the close of 30th May, which is Wednesday, the Government will have no choice but to act according to its legal duties as prescribed in the laws of 15th and 20th March, and that of 30th April, 1951.

MOHAMMED ALI VARASTEHI,
Minister of Finance.

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No. 52

ANGLO-PERSIAN OIL DISPUTE

To Sir F. Shepherd (Tehran)

(No. 429. Confidential) *Foreign Office,*
(Telegraphic) *May 25, 1951.*

The Anglo-Iranian Oil Company has the honour to acknowledge the receipt of your Excellency's letter of 20th May, 1951, and of your Excellency's further letter of the 24th May, 1951. In the letter of the 20th May your Excellency, after stating that the Iranian Government has no duty in the existing circumstances other than that of implementing the provisions of the Iranian Acts of 15th March, 20th March and 30th April with regard to the nationalisation of the oil industry, goes on to state that the Iranian Government does not agree in any way with the letter of the company on the subject of referring the dispute to arbitration. Your Excellency's letter then invited the company to nominate immediately representatives to attend meetings for the purpose of making arrangements for putting into effect the Iranian Acts relating to the nationalisation of the oil industry. In the further letter of the 24th May your Excellency notified the company that if it failed to nominate and send representatives within one week, that is before the close of the 30th May, the Government would have no choice but to act in accordance with its legal duty as prescribed by the Iranian Oil Nationalisation Act.

Your Excellency's letters have been referred to the company in London. I have

the honour to remind your Excellency that the company contends that the action proposed by the Iranian Government is a breach of the company's concession, and further to record that the company has at all times expressed its willingness to discuss and seek to solve by agreement with the Imperial Government all outstanding questions. The company notes with regret the statement of the Iranian Government's view that the dispute between the company and the Imperial Government is not referable to arbitration. The company, which cannot accept this view is accordingly making to the President of the International Court of Justice at The Hague the necessary application for appointment of a sole arbitrator in accordance with paragraph (d) of Article 22 of the Concession Agreement.

As regards the invitation of the Government to send representatives to discuss the execution of the Acts for the nationalisation of the oil industry, I have the honour to inform you that the representative of the company, Mr. Seddon, will attend a meeting as a measure of respect to the Imperial Government and the Iranian Parliament. On the other hand, having regard to the purpose of the discussions, I must state that the representative of the company will only be in a position to listen to what is said to him and to report the substance to the company in London.

EP 1531/418

No. 53

(1)

ANGLO-PERSIAN OIL DISPUTE

To Sir F. Shepherd (Tehran)

(No. 436. Confidential) *Foreign Office,*
(Telegraphic) *May 26, 1951.*

His Majesty's Government's application to the International Court has now been despatched to The Hague. Its text will be released for publication in the press on Sunday morning, May 27.

2. You should accordingly now address a note to the Persian Government in the

following terms. His Majesty's Government have noted with regret that no reply has been vouchsafed by the Persian Government to the aide-mémoire which you left with the Minister for Foreign Affairs on May 19. Instead, the Persian Ministry of Finance on May 20 addressed a letter to the manager of the Anglo-Iranian Oil Company in Tehran rejecting

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the company's demand for arbitration under Article 22 of its Concession Agreement of 1933, and inviting the company to appoint representatives to meet the Mixed Oil Committee to arrange execution of the Persian nationalisation laws. Furthermore, the Ministry of Finance on May 24 addressed a further letter to the company's manager, in terms which appear to amount to an ultimatum, giving the company until May 30 to appoint its representatives and notifying it that, in default of this action, the Persian Government will proceed to unilateral implementation of the laws in question.

3. His Majesty's Government have therefore felt obliged to take the action foreshadowed in their aide-mémoire of May 19, namely to institute proceedings against the Persian Government in the International Court of Justice at The Hague. In these proceedings they will ask the Court to decide that the Persian Government are under a legal obligation to submit their dispute with the company to arbitration, or, alternatively, to decide that

the Persian Government are not entitled to alter the Concession Agreement, even by legislation, except by agreement with the company or in certain other events which are not relevant, for which the Concession Agreement itself provides. The Persian Government will receive from The Hague Court in due course a copy of the application which His Majesty's Government are filing on Saturday May 26.

4. In informing the Persian Government of this step, His Majesty's Government wish to emphasise that, as they have consistently indicated, they would prefer to settle the dispute by negotiation. They would add that, in the event of the Persian Government indicating willingness to negotiate and such negotiations proving successful, the proceedings in the International Court of Justice could be arrested before judgment were given.

5. When presenting this note you may at discretion draw attention to the statement by an official spokesman of which the text is contained in my telegram No. 434.

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(2)

Sir F. Shepherd to Mr. Morrison. (Received May 27)

(No. 528)
(Telegraphic)

*Tehran,
May 27, 1951.*

I have the honour to inform you that I have been instructed by my Government to make the following communication to your Excellency.

2. His Majesty's Government in the United Kingdom have noted with regret that no reply had yet been vouchsafed by the Imperial Government to the aide-mémoire which I left with your Excellency on May 19. Instead, his Excellency the Imperial Minister of Finance, has addressed a letter, dated May 20, to the manager of the Anglo-Iranian Oil Company in Tehran. In this letter he rejects the company's request for arbitration under Article 22 of its concession and invites the company to appoint representatives who are to meet the Mixed Oil Commission and arrange with them for the execution of the laws for the nationalisation of the petroleum industry in Persia. Furthermore the Minister of Finance on May 24 addressed a further letter to the company's Tehran manager in terms which appear to amount to an

ultimatum allowing the A.I.O.C. until May 30 to appoint its representatives and notifying it that, in default of this, the Imperial Government will proceed by unilateral action to the implementation of the laws in question.

3. His Majesty's Government have, therefore, to their great regret felt themselves obliged to take the action foreshadowed in Mr. Morrison's message of May 19 and to institute proceedings against the Imperial Government in the Court of International Justice at The Hague. In these proceedings they will ask the Court to decide that the Imperial Government are under a legal obligation, by reason of their dispute with the A.I.O.C., to arbitrate and additionally or alternatively to decide that the Imperial Government are not entitled to alter the concession, even by legislation, except by agreement with the company (or in certain other contingencies which are not relevant to the present case and for which the concession itself provides). The Imperial Government will receive from The Hague Court in due course a copy of the

application which His Majesty's Government filed with the Court on Saturday, May 26.

4. In informing your Excellency of the step now taken, I am instructed to emphasise that, as His Majesty's Government have consistently indicated, they

would prefer to settle the dispute by negotiation. They would add that, should the Imperial Government indicate its willingness to negotiate and should negotiations prove successful, the proceedings in the International Court of Justice could be arrested before judgment was given.

EP 1531/464

No. 54

ANGLO-PERSIAN OIL DISPUTE

Sir F. Shepherd to Mr. Morrison. (Received May 30)

(No. 160)
Sir,

*Tehran,
May 28, 1951.*

When I saw Dr. Mossadig on May 25th, as reported in my telegram No. 520, he was in bed with fever and looked pale and unwell. I said that I was sorry he was unwell but that I had had the impression that he had been better and would be glad of a talk. I had had a chat with a member of the Mixed Commission the other day and had gathered from him that he was personally in favour of negotiations provided that the principle of nationalisation could be recognised. I had asked him whether he had read our aide-mémoire of May 19th (my telegram No. 490), which he had, but I found that he had not seen the record of the verbal representations I had made at that time. I told Dr. Mosaddiq that there was one very important paragraph in the verbal representations to the effect that if a solution could be found that was satisfactory in other respects (which was important) this solution could include some form of nationalisation. I therefore thought that conversation between the Prime Minister and myself might be useful since it appeared that there might be some possible approach to agreement as to the next step to be taken.

2. Dr. Mosaddiq then enquired what form of nationalisation we had in mind and I responded that this was precisely the subject on which negotiations should take place. The Persian Government had taken their stand on what they considered to be their sovereign rights. We disagreed with them and we, for our part, had sovereign rights of our own. Negotiations were necessary in order to reconcile these two points of view and as between civilised nations negotiations round the table were the accepted method of finding solutions rather than the type of unilateral action

which the Persian Government had adopted.

3. Dr. Mosaddiq launched into an explanation of the Government's point of view. He said that there had existed an agreement between the company and the Persian Government but not between the British and Persian Governments. The Mixed Commission had invited the Oil Company to send representatives to discuss the matter, but the company had not so far complied. The commission had taken one point of view, as instructed by the law, and the company had taken another. The British Government had no occasion to intervene in protection of British interests so long as the dispute between the company and the Government had not been settled by some outside tribunal. The company should send representatives and state their case; discussions could then begin. If a deadlock ensued then the matter should be referred to an outside authority. He was not prepared to say what authority he had in mind. The alternative to such a procedure was the declaration of a solemn dispute between the two countries which could only be taken to the United Nations. He was reluctant to envisage such a possibility because relations between Great Britain and Persia were of the greatest importance for both countries. He then referred to the statement which he had made while he was still a Deputy, in which he said he expressed his desire to Members of the House of Commons to come to Persia to see the state of the country, which he evidently attributed to the machinations of the Oil Company and presumably to the insufficient royalties paid on oil. No notice had been taken of this invitation and the company had continued with activities which in the end had so aroused the anger of the Persian people that they had

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demanding that the industry should be nationalised. Dr. Mosaddiq added that he was quite aware that without our friendship and support the independence of Persia would be gravely threatened and that any such development would also involve considerable dangers for Britain and for the whole of the West. In order to retain their influence in Persia it was necessary for Britain to assure her popularity in this country. This could now only be done by recognising Persian national aspirations and accepting the consequences of the Oil Nationalisation Law.

4. I said that we were obviously in complete agreement about the need for good Anglo-Persian relations. My Government were certainly aware of the poverty of the country and for the need of improving living conditions. We had done our best to try and help but had received very little encouragement. I said that I acknowledged that there was an agreement between the Government and the Oil Company and not between the two Governments, but I said that the agreement had been violated by the Nationalisation Law and the company had no recourse except to arbitration. This had been refused by the Government, and as was pointed out in paragraph 6 of our note of May 19th the matter was now one between Governments. The Persian Government had made it very difficult for the company to send representatives to the Mixed Commission since the company were being referred to as the former company and the commission was set up for its liquidation. I reiterated the importance of our aide-mémoire and of the verbal representations that had been made at the same time, and repeated that the matter should be settled by negotiation. It was useless to claim that sovereign rights could be exercised without reference to other nations and indeed the whole structure of international law and of the United Nations rested on the voluntary limitations placed on national sovereignty by all civilised countries. Dr. Mosaddiq referred to declarations of war which he said were within the competence of national sovereignty, and I said that although that was perfectly true it was such infringements of international relations that would make international law and the United Nations itself completely useless. Dr. Mosaddiq then referred to the impossibility of the Government or the Mixed Commission taking any action except in accordance with

the recent Nationalisation Law. In reply to a remark of mine that the law was a bad one he said that if anybody wanted to amend it they had only to obtain fifteen signatures in the Majlis. To this I replied that the Government themselves could quite easily sway public opinion in the right direction. Dr. Mosaddiq then said that he was quite prepared to submit our aide-mémoire of May 19th to-morrow to the Mixed Commission and would say that he had had a conversation with me to-day and that I had enquired whether the Mixed Commission was in favour of negotiation or not. He could then acquaint me with their opinion. I asked whether he would at the same time acquaint the commission with the contents of the verbal representations which I had made. Dr. Mosaddiq said that these representations having been made verbally were regarded as confidential and had not been communicated to the Mixed Commission. He did not propose to do so because anything communicated to them would become public. I enquired whether confidential documents could not be made known to them without the uncertainty of their being published, and he said that there was no way of preventing such publication. I said that his proposal was not acceptable because unless the Mixed Commission had at their disposal the oral representations as well as the actual note they would not be in possession of the full facts.

5. After some further discussion I said that I would consider further the question of sending representatives of the company to meet the Mixed Commission and if it was decided that this could not be done we could perhaps discuss further the other alternative which he had suggested.

6. I then said that of course it was out of the question for the company to have any conversations with the Mixed Commission while the Government were taking steps such as they had just done in publishing a decree to the effect that the company would have to pay import duties on all their importations into Persia (Khorramshahr telegram No. 192 to Tehran). Dr. Mosaddiq then said that he had not signed this decree and did not intend to do so at any rate for the present (my telegram No. 525).

7. I am sending a copy of this despatch to His Majesty's Ambassador at Washington and to the Head of the British Middle East Office at Cairo.

I have, &c.

F. M. SHEPHERD.

No. 55

PERSIA

(Anglo-Iranian Oil Company)

Extract from House of Commons Debates, 29th May, 1951

The Secretary of State for Foreign Affairs (Mr. Herbert Morrison): Sir, with your permission and that of the House, I desire to make the following statement.

In my statement in the House on 1st May, I explained the background of the dispute which had arisen between the Persian Government and the Anglo-Iranian Oil Company, and His Majesty's Government's attitude towards it. The following is a summary of the main developments which have taken place since then.

On 2nd May I sent a personal message to the Persian Prime Minister asking his Government to refrain from unilateral action against the Oil Company and again suggesting that we should negotiate a solution. Dr. Mosaddiq's reply, delivered to me on 8th May, contained no response to my suggestion of negotiations and amounted to a reaffirmation of his intention to execute the Persian nationalisation laws. The Anglo-Iranian Oil Company then asked the Persian Government to adopt the arbitration procedure provided for in the Concession Agreement of 1933, and nominated the company's arbitrator, Lord Radcliffe.

On 19th May, His Majesty's Ambassador at Tehran left with the Persian Government an aide-mémoire which has been published in the press. Briefly it set out again our view of the legal position, reserved our right to take the case to the International Court if the Persian Government rejected the company's request for arbitration, reiterated our hope that the problem could be solved by negotiation, and offered to send a mission to Tehran for that purpose.

The Persian Government have not yet replied to this aide-mémoire. On the other hand, on 20th May the Persian Ministry of Finance wrote to the company's manager at Tehran rejecting the company's request for arbitration, claiming that the nationalisation of the Persian petroleum industry was not referable to arbitration and that no international authority had competence to deal with the matter. The letter went on to invite the company to nominate representatives to meet the Oil Committee "to arrange the execution of the nationalisation

laws." On 24th May the Ministry of Finance sent the manager a further letter, in terms which amounted to an ultimatum, giving the company until 30th May to send representatives to meet the Oil Committee, failing which the Persian Government would themselves proceed to execute the laws.

In the light of these two communications, His Majesty's Government felt obliged to institute proceedings in the International Court of Justice at The Hague, and did so on 26th May. In their application they asked the Court to decide that the Persian Government were under a legal obligation to submit their dispute with the Anglo-Iranian Oil Company to arbitration, or, alternatively, to decide that the Persian Government were not entitled to alter the Concession Agreement, even by legislation, except by agreement with the company. A copy of the application is being placed in the library, and summaries of it have already appeared in the press. I therefore do not think I need refer further to it now.

At the same time, the company, still following the procedure laid down in the 1933 Agreement, has asked the president of The Hague Court to nominate a sole arbitrator, since the Persian Government have refused to appoint an arbitrator. The company has also informed the Persian Minister of Finance that, as a measure of respect to the Persian Government, its representative will, as requested, meet the Oil Committee but will be able only to listen to what the committee have to say and report it to the company's head office.

So much for recent developments. His Majesty's Government are still anxious to see this dispute settled by negotiation; and their offer to send a special mission, if that would help, still stands. Moreover, as His Majesty's Ambassador in Tehran has informed the Persian Government, while His Majesty's Government cannot accept the right of the Persian Government to repudiate contracts, they are prepared to consider a settlement which would involve some form of nationalisation, provided—a qualification to which they attach importance—it were satisfactory in other respects. Their difficulty has been, and still is, that the Persian

Government have hitherto not seen fit to respond in any way to their repeated suggestions of negotiation, but, on the contrary, have indicated merely their intention to proceed unilaterally. His Majesty's Government could not accept such a procedure, and they believe that their attitude in this matter is generally recognised and understood.

In particular, they have noted with satisfaction that the United States Government have spoken publicly against the unilateral cancellation of contractual relationships and actions of a confiscatory nature. His Majesty's Government earnestly hope that wiser counsels, taking full account of the dangerous potentialities of the present situation, will prevail in Tehran, and that negotiations can be initiated in an atmosphere of reason and goodwill.

Mr. Churchill: I do not think that we ought to complain if the statement which the Foreign Secretary has just made is little more than a résumé of what has appeared in the public press, but I hope that he and His Majesty's Government will take occasion to keep us informed of any significant development which may take place during this week or in the few days afterwards.

Mr. Morrison: I think that is a very reasonable request. We will certainly watch events and, as the right hon. Gentleman says, if significant developments occur I will, of course, report to the House.

Mr. M. Philips Price: Would my right hon. Friend consider whether the Government should make a public statement to the effect that we do not contest the Persian Government's right to nationalise its oil, in order that public opinion in Persia may be better informed?

Mr. Morrison: My hon. Friend will have noted that I have made the Government's position clear. What I cannot agree with is the right of any Government unilaterally, by itself, without consultation and without considering ways and means, to sail over everybody's heads and merely pass Acts of Parliament.

Mr. Somerset de Chair: In view of the fact that the Persian Government's ultimatum to the Oil Company to join in the talks for handing over the company to the Nationalisation Board expires to-morrow, can the Foreign Secretary say whether His Majesty's Government are in a position to protect the lives of the British subjects who are engaged in the Oil Company there and to protect the installations from seizure or from sabotage?

Mr. Morrison: All those matters have been the subject of consideration, and appropriate steps have been taken. I have said before that the Government certainly take the view that we have every right, and indeed the duty, to protect British lives.

Mr. Churchill: May I be permitted to assure the Foreign Secretary that in the steps which he has just indicated he will receive the full support of His Majesty's Opposition?

Mr. Beresford Craddock: May I ask whether it is correct, as reported in *The Times* of 25th May, that His Majesty's Government have asked the Government of India to use their good offices in bringing about a peaceful settlement, and if that is so, has any similar approach been made to the Government of Pakistan?

Mr. Morrison: The first part of the hon. Gentleman's question is not true. In the second place, it is perfectly natural that the Government would hope for support, by way of suitable representation, from Governments whose interests are similarly involved.

Mr. Emrys Hughes: Can my right hon. Friend tell us to what extent there have been consultations with the United States Government, and whether the United States Government have advised us against a policy of military intervention?

Mr. Morrison: Suitable conversations have taken place with the United States Government and, on the whole, we are acting in co-operation.

ANGLO-PERSIAN OIL DISPUTE

Sir F. Shepherd to Mr. Morrison. (Received May 30)

(No. 539. Confidential) *Tehran,*
(Telegraphic) *May 30, 1951.*

Discussions between Mosaddiq, Grady and myself were most unsatisfactory.

2. After the usual courtesies the conversation began on a friendly tone. I referred to the forthcoming visit of the company's representative to the Mixed Commission and said that although he was only empowered to listen, I hoped that the first meeting would lead to further discussions. Mosaddiq agreed and at this point Grady suggested that a delegate from the company should come out to Tehran without further ado. I was afraid this might involve us in a discussion that might prejudice Seddon's attendance at the Commission and I therefore demurred, adding that of course the company would send representatives as soon as a basis for talks was in sight.

3. I went on to point out that the Persians were relying on their sovereign right to do what they liked in their own country while we claimed the sovereign right to defend our own interests. There existed therefore a difference between us and since we were civilised nations this should be solved by negotiations round a table. Mosaddiq agreed and said that there were three matters for discussion—

- (a) Organisation of production in Persia.
- (b) Compensation to be paid to the Company.
- (c) Arrangements to assure supplies of oil to former buyers.

As this obviously implied nothing more than discussion on methods of applying the nationalisation laws I suggested that we should leave aside (b) for the present and try and find a formula for negotiations on (a) and (c); I thought (c) was a matter for discussion between the Governments and (a) for the Persian Government and the company. To this Mosaddiq indicated assent.

4. I had in mind that if suitable formula could be found it might be possible to begin negotiations and that these might lead to a solution which could be accepted by the Persian Government and ratified by the Majlis and the Senate. Such ratification would have the force of law and would thus automatically apply the necessary amendment to the existing nationalisation law. It

should thus be possible to achieve our object while saving the face of Persians. I accordingly put forward as personal suggestions the following formula for negotiation by the Government and the company delegations respectively:—

- (a) Discussions on Anglo-Iranian relations with regard to oil supplies.
- (b) Discussions with regard to practical arrangements for the future of the oil industry in Persia.

I indicated later that if it would make things easier it should be possible to add to each a phrase such as "on the basis of the recognition of the principle of nationalisation."

5. In the event (b) was not discussed. It looked at one moment as if Mosaddiq might agree to something on the lines of (a), but he proceeded to make it quite clear that he would accept no terms of reference which did not specify that negotiations could be within the framework of the Nationalisation Law and that the Law could not be questioned in any way, nor could any amendment of it be envisaged. Both Grady and I pointed out that this was requiring the British Government and the company to concede the whole Persian case in advance, but Mosaddiq was completely intransigent. He would not contemplate receiving a mission of any sort unless [? grp. omitted] a prospect of agreement: it would be discourteous to do so. There was no prospect of agreement except within the strict provisions of the Nationalisation Law.

6. The only basis on which he would agree to negotiations between the Governments was that of fixing the proportions in which the oil should be dealt out by the Persian Government to the former suppliers. He apparently envisaged inter-governmental contracts for specified percentages and seemed to have no conception that any marketing organisation was required—the Persians would simply make large contracts at market rates with those countries to which their oil had previously gone. It was impossible to persuade him that the marketing of the oil was not so simple as that.

7. During the conversations Grady mentioned that if British technicians did not wish to stay it would be all but impossible

to replace them. Mosaddiq talked airily about neutral experts and enquired whether the British were gods that others could not do what they could do. When Grady pressed him on this and referred to the unemployment and distress that would be caused by closing down the refineries, Mosaddiq said "so much the worse for us." He was prepared to envisage this rather than even discuss anything outside the provision of the Law.

8. When Mosaddiq realised that there was no prospect of progress along these lines he became emotional and described the miseries of the country, which he attributed to the Oil Company. He begged Grady and myself to have pity on his country and give them the means to save the people from starvation and the nation from Com-

munist; the method he envisaged for this was the simple application of the Oil Nationalisation Law.

9. As this got us nowhere, Grady said that he knew the Prime Minister was in a poor state of health and he must be exhausted after such a long talk. Mosaddiq then took his leave in a dejected condition.

10. Before he left I repeated what I had said at the beginning—that I hoped Seddon's visit to the Commission might lead somewhere. Mosaddiq vaguely agreed. I heard later that Seddon has only been invited to see the Minister of Finance and it is not clear whether he will meet the Commission or not. His interview with the Minister is for six this evening.

Further comments follow.

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No. 57

ANGLO-PERSIAN OIL DISPUTE

Sir F. Shepherd to Mr. Morrison. (Received May 31)

(No. 544)
(Telegraphic)

Tehran,
May 31, 1951.

Following is text of note handed to Seddon last night by Minister of Finance:—

As you are aware an Act was passed by the two Houses on March 20th whereby the oil industry was nationalised throughout the country of Iran. Then later another Act was passed on April 30th whereby the Government was charged with the execution of the Act of March 20th under the supervision of the Mixed Committee selected by the two Houses. The law concerning the nationalisation of oil derives from the right of sovereignty of the Iranian nation in choosing and determining the method of utilisation of national industries, and in enforcing this law the Iranian Government has no objective other than ensuring the welfare and comfort of the nation, and does not in any manner intend to infringe anyone's rights thereby. Accordingly full regard has been had in the said laws to the protection of the rights of all concerned. *Inter alia*, necessary consideration and attention have been devoted to two fundamental matters. One of these is that the nationalisation of the oil industry shall not in any way cause damage to previous purchasers and consumers. In order to ensure this object, Article 7 of the Act quoted hereunder, "all purchasers of the

products of the mines of which the late A.I.O.C. has been dispossessed can hereafter continue to buy each year at a fair international rate the same amount of oil which they bought from the said company annually from the beginning of the Christian year 1948 to 29th Esfand, 1329 (20th March, 1951)." As regards quantities in excess, conditions being equal, they shall have priority, explicitly recognises the rights of previous oil customers and undertakes to safeguard them. The other is that, if it is proved that the nationalisation of oil has caused a damage to the former company, the Iranian Government has accepted to make compensation for that damage, and has expressed its willingness, in order to compensate such probable damage, to deposit up to 25 per cent. of the net oil revenues with a bank mutually agreed upon as a guarantee (article 2 of the Act of April 30th). In view of these premises it will be appreciated that the Iranian Government has absolutely not intended, and does not intend, to requisition the properties of the former oil company, nor does it propose to hinder the sale of oil to former customers. After this preface, which was brought to your notice for clarification, I now proceed to inform you of the regulations which the Iranian Government has prepared, under

the supervision of the Mixed Committee, for the execution of the law of nationalisation of oil:—

Regulations

1. In order to enforce article 2 of the Act for the implementation of the nationalisation of the oil industry and with a view to the temporary administration of the National Oil Company of Iran. A committee composed of three persons, called the Temporary Board of Directors, will be nominated by the Government to function under the supervision of the Mixed Committee.

2. The said committee shall have all the necessary powers for managing the company's affairs covering exploration, production, refining, distribution, sale and exploitation.

3. Pending the approval of the constitution of the National Oil Company of Iran, the basis of operations of the Temporary Board of Directors shall be the rules of the former oil company (except where these may be at variance with the law concerning the nationalisation of the oil industry).

4. The specialists, employees and workmen of the former oil company, Iranian as well as foreign, shall continue in employment as before and shall be regarded from this date as employees of the National Oil Company of Iran.

5. The Temporary Board of Directors shall exercise the greatest care and endeavour in carrying out existing schemes and increasing oil production so that the rate of production and exploitation shall increase above the present rate.

6. With a view to the fixation of the international reasonable price, and in order meanwhile to prevent any stoppage and restrictions in exports, the Temporary Board of Directors will, immediately on arrival in Khuzistan, issue a notice in Iran and abroad to the effect that former purchasers

may for one month obtain supplies under the existing plans, against receipt. Within this period purchasers must apply to the office of the Temporary Board of Directors in order to make arrangements for payment of the price of oil supplies received during that period, and to secure the concurrence of the Board of Directors with regard to benefiting from the rights prescribed in article 7 of the Act of April 30th, 1951, and arranging purchase and sale of oil in the future. The Temporary Board of Directors will propose the principles of agreement with purchasers to the Mixed Committee for approval. In conclusion I have to mention two points:—

(1) The regulations of which you have just been informed are general instructions for the implementation of the law of nationalisation of which have for the first time being come to mind. Since the Government is anxious that this important national problem should reach finality with utmost correctness and soundness, and that benefit should be taken of the experience and knowledge of the former oil company, if any proposals are made by you which do not conflict with the principle of nationalisation of oil, the Government will take them into consideration.

(2) It is expected that the former oil company will submit to me such proposals which it has to make within the limits of the said laws within a period of five days, so that they may be studied and utilised. Since in accordance with law the Government is bound to enforce the oil nationalisation law immediately, and since delay in so doing would entail responsibility, if you have any proposals they should be submitted within the said period.

ANGLO-PERSIAN OIL DISPUTE

To Sir O. Franks (Washington)(No. 2324. Secret)
(Telegraphic)*Foreign Office,
June 1, 1951.***Persia**

Following is text of a personal and secret message on Persia from President Truman to Prime Minister, which was delivered by United States Ambassador on 31st May.

"I express to you the serious concern of the Government of the United States, which I am sure you share, at the present situation in Iran. I realise the great importance to Great Britain of a satisfactory solution to the controversy with the Iranian Government concerning operations of the Anglo-Iranian Oil Company.

"I am also acutely aware that it is essential to maintain the independence of Iran and the flow of Iranian oil into the economy of the free world.

"Recent information which has reached me has led me to believe that the Iranian Government is willing and even anxious to work out an arrangement with His Majesty's Government which would safeguard basic British interests and which could satisfy the desires of the Iranian people for nationalisation of their petroleum resources.

"The United States Government has expressed to His Majesty's Government in recent days its firm conviction that an

opportunity is now presented by the Iranian Government for negotiations which could be entered into at once. We earnestly hope that His Majesty's Government can despatch to Tehran without delay qualified negotiators possessed of full powers to reach a settlement with the Government of Iran, and who are prepared to put forward in an appropriate way a specific proposal consistent with the principle of nationalisation, acceptance of which was indicated by Mr. Morrison in his remarks on 29th May before the House of Commons. I understand that, while the Iranian Government's invitation for representatives to negotiate was addressed to the Anglo-Iranian Oil Company, the Iranian Government has indicated that it would have no objections if such company negotiators were also officials of His Majesty's Government.

"I know that you are fully aware of the serious implications of this explosive situation. I am sure you can understand my deep concern that no action should be taken in connection with this dispute which would result in disagreement between Iran and the free world. I am confident that a solution acceptable both to Great Britain and Iran can be found. I sincerely hope that every effort will be made to accomplish this objective."

CONVERSATION BETWEEN THE SECRETARY OF STATE AND
THE UNITED STATES AMBASSADOR*Situation in Persia**Mr. Morrison to Sir O. Franks (Washington)*(No. 603. Confidential) *Foreign Office,
1st June, 1951.*

The United States Ambassador called to-day to seek my views on the situation in Persia. Mr. Gifford said that his call was not inspired by the letter he had just delivered, conveying a message from President Truman to Mr. Attlee concerning the Persian situation. (He did not mention a letter to the Persian Prime Minister.)

2. Reviewing the present state of affairs, I said that the Persian Prime Minister, Dr. Mosaddiq, seemed determined to proceed only on the basis of the Nationalisation Law of 1st May. I could not accept this, nor could I accept the Persian contention that the oil dispute lay between them and the Anglo-Iranian Oil Company. What was wanted was a mission, in which

there would be some form of governmental representation, which could get negotiations started. Once started, we could accept some form of nationalisation as a basis for negotiations. Our thinking was not, it seemed to me, at variance with the line taken in President Truman's message to Mr. Attlee. Meanwhile time might be on our side and Mr. Gifford would understand if I said that I thought that the State Department were inclined to take too alarmist a view of the situation.

3. Mr. Gifford replied that he liked the idea of getting talks started.

4. I agreed that this was of the first importance. The Persians however had not replied to our latest Note and any negotiating mission which went out in these circumstances would not be likely to get far. Meanwhile the Oil Company had been given five days to submit proposals, which was too short a time for them to put forward anything really constructive. The Company's representatives might, however, begin by listing the practical difficulties of what the Persians seemed to be bent on doing and this might introduce a note of reasonableness into their thinking. It seemed to me that we were agreed on the need to start talking and that the only difference between our own and the United States' view was on how soon such talks could begin.

5. Mr. Gifford agreed and repeated that his Government were keen on our getting a suitable and able man into a position where he could start talks with the Persians.

6. I replied that I shared this anxiety but that, as I had pointed out, there were difficulties over timing. We had been trying hard for negotiations but had so far

seen little chance of getting them successfully started.

7. Mr. Gifford said he felt that it might be worth while to make another gesture, beyond that already made, which authorised the Company's representative in Tehran merely to listen to what the Persians had to say. I undertook to consider this suggestion further.

8. Turning to the use of force I said we must be free to protect British lives. In other circumstances we should give the most careful consideration to the use of force and should not take action without consulting the United States Government. I knew they would support us in the use of force to protect British lives, but I felt the United States Government were drawing an unreal distinction when they said they would support us in any such action against a Communist *coup* in Persia, but not while there was any other form of Persian Government. The economic misery which would result from mismanagement of the oil industry would lead, only one degree more slowly than a Tudeh Party *coup*, to Communist domination. There were certain economic measures which we could take against Persia, for example, by withdrawing our tankers. I hoped the United States Government would support us in this. We might also appeal to the Shah to take action to save his country from economic misery and administrative chaos; and if we decided on that step, I hoped the United States Government would again support us.

9. I am sending a copy of this despatch to His Majesty's Ambassador at Tehran.

I am, &c.

HERBERT MORRISON.

AIDE-MÉMOIRE FROM THE ANGLO-IRANIAN OIL COMPANY'S
REPRESENTATIVE IN TEHRAN TO THE PERSIAN MINISTER
OF FINANCE, DATED 3rd JUNE, 1951(No. 555)
(Telegraphic)

The Anglo-Iranian Oil Company Limited has instructed me to reply in the following terms to the aide-mémoire which your Excellency handed me on the evening of 30th May, 1951.

Your Excellency's note has been carefully studied. The Company and, I am authorised to add, His Majesty's Government (as the Foreign Secretary made clear in his statement in the House of Commons on

29th May) are entirely ready, as indeed they have from the outset been ready, to attempt to solve all such difficulties by negotiation. It is therefore with pleasure that the Company has noted the concluding two points of your Excellency's aide-mémoire.

The first was that the Imperial Government are anxious to have the benefit of the Company's experience and knowledge.

The second was, in effect, an invitation to the Company to put forward proposals for

the Imperial Government's consideration. It is not possible to formulate proposals on a matter of such complexity within five days, and in any event the Company believes that discussions face to face will be preferable to written communications. Accordingly the Company, while reserving

its legal rights, will send representatives from London to Tehran as soon as possible in order to hold full and frank discussions with the Imperial Government.

For Anglo-Iranian Oil Company, Limited.
N. R. SEDDON.

EP 1531/609

No. 61

ANGLO-PERSIAN OIL DISPUTE

Sir F. Shepherd to Mr. Morrison. (Received June 13)

(No. 164. Confidential) *Tehran,*
Sir, *June 3, 1951.*

I have the honour to inform you that as reported in telegram No. 564 I visited the Persian Prime Minister to-day soon after noon. I was on this occasion conducted by a series of passages, gardens, backstairs and offices to the Prime Minister's bedroom. Although he was in bed (wearing on this occasion blue pyjamas beneath his khaki ones) he had no fever and was rather more alert than the last time I had seen him.

2. As instructed I explained once more that His Majesty's Government could not accept the view which he had recently reiterated that the oil question was solely one between the Persian Government and the Anglo-Iranian Oil Company since not only had His Majesty's Government the right to protect British interests but they were also shareholders in the company. Dr. Mosaddiq did not dispute the right of the British Government to protect the interests of its subjects but maintained as he has done before that there was no ground for Government intervention since no harm had up till now been done to the company. It is a little difficult to grasp the Persian point of view which appears to be that in spite of the fact that an Act has been passed nationalising the oil industry and having the effect of superseding the 1933 contract no damage has in fact been done to the company. This argument appears to be founded on the concept that nationalisation of an industry is a sovereign right and that if compensation is envisaged there is no legal ground for complaint either by the company or by the British Government. This view of course ignores several important aspects of the situation and in particular as I pointed out to Dr. Mosaddiq it ignores the salient fact that the whole Persian oil question has passed out of the sphere of a merely commercial problem.

3. I informed the Prime Minister that Mr. Seddon was at that moment delivering to the Minister of Finance the company's reply to the Iranian aide-memoire. I said that the company were proposing to send a delegation to meet the Mixed Commission and since I had a copy of the text of the letter with me I offered to read it in French to Dr. Mosaddiq. He would not allow me to do this, however, saying that he would in any case be acquainted with the text itself in an hour or two's time. He made no objection to the proposal that a delegation should come out and did not comment on it.

4. I thought it well to take the opportunity to raise one or two other points with the Prime Minister. In the first place when informing both the Senate and the Majlis of the tenor of the informal conversation which had taken place between himself, Dr. Grady and myself on Tuesday last he had stated that he had noted with pleasure that the British Ambassador was animated by goodwill and that if he had not been acting under specific instructions from London he would have gone further than he did. I assured Dr. Mosaddiq that both His Majesty's Government and myself were animated by goodwill but that there was no divergence whatever between us—we were in complete accord over this matter. I then said that I thought it most important from every point of view that the initiative of the President of the United States should not be rebuffed. Dr. Mosaddiq said of course that nothing of this sort would take place and I then recalled that he had indicated to the Senate that if a British Mission were received with a view to negotiations the position of the Persian Government *vis-à-vis* the International Court might be prejudiced. I pointed out that it was common practice for two parties to a dispute to discuss possible solutions without any prejudice

whatever to their respective legal positions. The Prime Minister then launched into what seemed to me a somewhat muddled exposition of the relations of the Persian Government as between the company, the British Government, and the International Court. His main object seemed to be to safeguard his position that from the legal point of view the matter was one between the Government and the company and that to discuss it with a Governmental Mission would prejudice that point of view. I said that apart from the objections which we had to his assumption that the matter was exclusively between the Persian Government and the company there was every reason why the two Governments should negotiate on the general question which affected the supply of oil to the free world. I said that I still hoped that it would be possible to initiate inter-governmental negotiations more or less on the lines of the formula which I had suggested at the recent luncheon party. Although the Prime Minister used all the old arguments I thought that he did so with considerably less conviction than before and that he was taking a more persuasive and less dictatorial line.

5. At one point he referred to the nationalisation by the British Government of coal and steel and asked whether the Government had taken into consideration that views of the shareholders in these industries. I replied that of course they had done so and that they had had detailed discussions with the industries themselves. Dr. Mosaddiq appeared to be under the impression that these discussions referred only to the question of compensation and it is evident that some education on the modalities of the process of nationalisation would be helpful.

6. As you are aware the Prime Minister had already discussed with the Senate the message from President Truman which had been delivered to him. When Dr. Grady gave me a copy of this message the previous day immediately after leaving Dr. Mosaddiq I was considerably shocked at the form and expression. It now appears that the message delivered to Dr. Mosaddiq was the one intended for Mr. Attlee and the revised message for the Persian Prime Minister has now been delivered to him. It is in a much more acceptable form but I do not know whether the Prime Minister will decide to discuss it afresh with the Senate. That body seemed very much disposed to agree to negotiations but so far as I can make

out they eventually left the matter in the hands of the Prime Minister. The message itself, taken in conjunction with the obvious hardening of opinion in the outside world against the Persian position, has had its effect in this country and I interpret the somewhat less intransigent attitude of the Prime Minister to-day as indicating an acceptance of the fact that his position is no longer so strong as he had hoped.

7. When I lunched with His Majesty the Shah yesterday I stressed the importance of returning a conciliatory and positive answer to President Truman's initiative and reverted to my suggestion of a wide formula for inter-governmental negotiations. His Majesty said that he would speak to the Prime Minister in the hope that negotiations could be begun. He himself thought that Dr. Mosaddiq had compromised himself to such an extent that it would be difficult for him to retreat. In order to find a solution it would be necessary for him either to resign voluntarily or for him to receive a political check which would induce his resignation.

8. The internal situation in Persia is somewhat difficult to estimate. The Prime Minister himself has on several occasions emphasised the Communist danger, but he has done so more as a political argument for the immediate settlement of the oil question than as a reasoned appreciation of the strength of the Communists in the country. I visited the Minister of the Interior, General Zahidi, on Friday in order to find out what his estimate of the situation was. General Zahidi was, I thought, rather airily contemptuous of the strength of the Communist Party in Persia and did not sufficiently appreciate the danger arising from a compact, enthusiastic and well-organised party even on a small scale. I pointed out to him the effect that the Communists were able to have in preventing the refinery workers in Abadan from going to work but the general maintained his view that Communism was not a real danger in this country. He said that once the oil question is settled the Government would initiate a serious campaign to stamp it out. It is probable that Communist strength and Communist plans do not at the moment allow for anything in the nature of a *coup d'état*. The development of the situation internally, however, depends to a great extent on the direction of newspaper and other propaganda. At the present time the full force of the machine is being turned on to the need for complete nationalisation at

once and the elimination of British influence in the country. It would not be difficult for the propaganda machine if competently handled to go a good way towards reversing this trend but it is not clear with whom the direction of this machine lies. If Dr. Mosaddiq were to resign and admit failure it would be of the greatest importance that the new Government and the new approach which it would be obliged to make should be supported by strong and favourable propaganda. Given the intimidation hitherto practised by the National Front, Fidayan-i-Islam and the Communist

Party, it would be difficult to see how this can be done. Nevertheless, there is a mounting tide of responsible opinion which is in favour of negotiation and a proper ventilation of the practical aspects of the whole nationalisation issue should go far towards facilitating a reasonable solution.

9. I am sending a copy of this despatch to His Majesty's Ambassadors at Washington and Bagdad, to the Head of the British Middle East Office at Cairo and the United Kingdom Delegation, New York.

I have, &c.

F. M. SHEPHERD.

EP 1531/616

No. 62

ANGLO-PERSIAN OIL DISPUTE

To Sir F. Shepherd (Tehran)

(No. 528. Confidential) Foreign Office,
(Telegraphic) June 14, 1951.

In the application which His Majesty's Government filed with The Hague Court, His Majesty's Government reserved the right to apply to the court to indicate interim measures of protection. Under The Hague Court procedure an interim measure of protection operates like an interim injunction in English municipal law as an order directing that certain things should not be done during the period when the dispute before the court is still *sub judice*. I am advised that it is most improbable that The Hague Court would indicate interim measures of protection unless and until it had decided it had jurisdiction to deal with the dispute and that one effect of application by His Majesty's Government for interim measures would be likely to be to hasten the court's decision on the issue of jurisdiction, perhaps producing the result that a decision on jurisdiction might be given in three or four months instead of six or seven months. I am also advised that it is more probable that the court would decide in favour of jurisdiction than against it, but decision on this point cannot be predicted with confidence. It is not certain that an application for interim measures of protection would be successful. An unsuccessful application for interim measures would probably be morally though not legally damaging but

events may move in such a way that it would be felt that His Majesty's Government must make the application in spite of these dangers.

2. In the light of latest developments in oilfields, draft of application for interim measures is being prepared so that it could if necessary be filed at short notice. In any such application His Majesty's Government would ask the court to order the maintenance of the *status quo* until the court had decided the dispute. The court, if it acceded to the application in principle, might, however, make a more limited order or make the order for the preservation of the *status quo* subject to conditions.

3. It is questionable, having regard to terms of article 41 of court's statute, whether court's indication of interim measures is a legally binding order and in any case the Persian Government might not comply with it. But the existence of such an order by the court and the fact that Persia had not complied with it would perhaps improve His Majesty's Government's position in the eyes of world opinion.

4. Timing of application is obviously important. On the one hand we do not wish to prejudice the current discussions but, on the other, we should want to do whatever is possible to forestall further interference with the company's affairs in the oilfields. Please consult company's representatives and let me have your views.

EP 1015/236

No. 63

ANGLO-PERSIAN OIL DISPUTE

Sir F. Shepherd to Mr. Morrison. (Received June 15)

(No. 638. Confidential) Tehran,
(Telegraphic) June 15, 1951.

Political situation. Mosaddiq has been losing ground recently because:—

- (a) He has now been Prime Minister for over six weeks without being able to consolidate his position.
- (b) His behaviour is considered undignified.
- (c) He has refused to take action about anything except the oil question and has made little progress with that.
- (d) In spite of the influence created by his [group undec.] [group undec. ? foreign policy] and intimidation he was never a popular person with the Majlis, and politicians would not regret him if he fell.

2. There are signs that the Majlis would be quite prepared to vote him out of office if they thought this would not lead them into difficulties.

3. [group undec.] recent [group undec.] due to arrival of the Company Delegation and the triumph staged at Abadan. These will not last. Mosaddiq, himself, has, I think, realised he has created a dangerous situation, and Jackson tells me that during their talks he practically admitted that this was so, but that he could not control his extremist friends. His reply to President Truman is symptomatic. He posed to Jackson as being a essentially a moderate who was having difficulty in controlling extremists.

4. Many people think that since Mosaddiq is so strongly anti-company he has the best chance of securing a reasonable agreement which could be ratified by the

Majlis. There is something in this. In any case the prospects of a strong successor Government are so problematical that it would be unwise to concentrate on unseating Mosaddiq in the hope that his successor would be either more reasonable or more capable of securing ratification of an agreement. Mosaddiq's prospects of doing this depend to a large extent on whether in fact he will be able, once an agreement is reached, to use his party organisation in order to secure ratification. If he is unable to do this then no successor will have a chance who has not an organisation capable of exerting a stronger pressure on press and politicians than the National Front can do. Sayyid Zia is of the opinion that, given sufficient funds, he could manage this, and he may be right. It would, however, be a gamble to initiate a policy of inwardly unseating Mosaddiq in the hope that Sayyid Zia either directly or in support of a Government headed, for instance by Ala, could be successful.

5. I consider therefore that we should do what we can genuinely to find a solution with the Mosaddiq Government without, however, doing anything that would unduly buttress what is after all a very unsatisfactory régime.

6. We should also, I think, keep in mind from wider political [group undec.] establish man in [group undec.] who would be likely to make genuine effort to carry out reforms that are badly needed and who would make a real appeal to the bulk of the people would be Sayyid Zia. His usefulness to the country and to us would probably be greater if he were to take the office without prior stigma of having made an oil agreement.

EP 1531/646

No. 64

ANGLO-PERSIAN OIL DISPUTE

To Sir F. Shepherd (Tehran)

(No. 542. Confidential) Foreign Office,
(Telegraphic) June 15, 1951.

I take this occasion to express my approval of the manner in which you have handled our relations with the Persian Government since the dispute with them

over the affairs of the Anglo-Iranian Oil Company arose. Your defence of British interests has been both judicious and robust and I count on you to continue to act in this spirit.

MONTHLY REPORT FOR MAY 1951

Sir F. Shepherd to Mr. Morrison. (Received June 21)

(No. 174. Confidential) *Tehran,*
June 18, 1951.
 Sir,

With reference to my despatch No. 135 of the 5th May, I have the honour to submit the following report on political events in Persia in May 1951.

Oil Nationalisation

2. The proposals for nationalisation whose passage through the legislature I reported in paragraph 4 of my despatch under reference were duly promulgated by the Shah on the 2nd May and the Mixed Parliamentary Commission therein provided for was set up a fortnight later. Its majority could be relied on to ignore all arguments of reason, law or expediency which conflicted with the nationalisation law, and the minority to put up little or no resistance. The commission remained in continuous session and practically no decision on the oil question was taken except on its initiative.

3. But the practical steps taken to implement the law were few. A decree was passed levying import duty on all the Anglo-Iranian Oil Company's formerly duty-free imports. This would have been the first open violation of the concession but the Prime Minister did not sign it. The Governors-General of the "oil" provinces (Khuzistan and Kermanshah) and the heads of all departments in those provinces were changed as also was the army commander in Khuzistan, on the grounds that in view of their past relations with the Anglo-Iranian Oil Company they could not be relied on to execute the nationalisation law. A circular from the Prime Minister's Office instructed Government departments always in future to speak of the "former" oil company.

4. The Government's chief preoccupation was to defend the nationalisation law before the world, to rebut any suggestion of negotiation with His Majesty's Government or any settlement except on the basis of the law and to keep Persian public opinion on the boil. Their legal argument was that, whether or no the 1933 concession was valid, it had been superseded by the nationalisation law, which, being a legitimate exercise of Persia's inalienable sovereign rights could not be

the subject of arbitration or come within the purview of any international authority: and that as the A.I.O.C. was a private company and since the law provided for compensation, there was no case for His Majesty's Government to intervene on its behalf. The positive case for nationalisation now seems to rest not merely on the argument that to raise Persia from its present poverty the Persian Government must take the full profit from Persia's natural resources, but also on fantastic allegations that the A.I.O.C. has conspired to keep Persia poor, backward and maladministered. This case has been tirelessly reiterated in official communications, public statements and private conversations.

5. Obsessed with the past, Dr. Mosaddiq and his followers appear to have taken no thought for the future and to have reached no conclusions as to how they would operate a nationalised oil industry. Their views as made public vary as to the extent to which foreigners will still be needed and the delay expected before Persians can take it over entirely. But the leading spirits of the National Front make it clear that in the last resort they would rather see the industry wholly or partly closed down, with all the resultant unemployment and loss of revenue, than continuing to prosper under British management.

6. On the 2nd May you, Sir, conveyed through the Persian Ambassador in London a friendly message to Dr. Mosaddiq, deprecating unilateral action by the Persian Government against the A.I.O.C. and offering negotiation. This produced an unhelpful reply, merely repeating the arguments set out in paragraph 4 above. Meanwhile the A.I.O.C. had requested arbitration under their concession and nominated an arbitrator. On the 19th May I delivered to the Minister for Foreign Affairs a message from you in reply to Dr. Mosaddiq's of the 8th May, reiterating His Majesty's Government's view of the legal issue and their readiness to negotiate, and warning the Persian Government of the grave consequences of unilateral action. But I also informed the Persian Government that His Majesty's Government were ready to recognise the principle of nationalisation. This major concession by His Majesty's

Government to the Persians, which had only been decided on after consultation with the United States Government, had the desired effect of bringing that Government to our side. They issued a statement warning the Persians against unilateral cancellation of the 1933 concession and dashing Persian hopes of securing United States aid in running a nationalised oil industry. This statement was published in Tehran simultaneously with your message of the 19th May and the two together helped to sober public opinion, but had little immediate effect on the Persian Government, except to cause them to issue an aide-memoire expressing pain and surprise. The Government not merely rejected the A.I.O.C.'s request for arbitration but issued an ultimatum calling on the Company to report to the Minister of Finance and discuss with him the implementation of the nationalisation law. His Majesty's Government therefore decided, as I informed the Persians on the 26th May, that the case should be referred to The Hague Court both by His Majesty's Government and the A.I.O.C. The Persian Government naturally denied the competence of the Court.

7. The Company at the same time agreed, as a measure of respect to the Persian Government to allow its local representative to hear what the Persian authorities had to say. Before the date fixed for this meeting, the United States Ambassador and I saw Dr. Mosaddiq again and urged on him the necessity of negotiation but he still refused to admit anything not on the basis of the nationalisation law: and when on the 30th May the Company's representative called on the Ministry of Finance he was handed a document which started from the same thesis, presented a set of unworkable regulations for the operation of the oil industry pending the establishment of a Persian oil company, and concluded by inviting the A.I.O.C. to submit its comments and proposals, always within the framework of the nationalisation laws.

Internal Situation

8. Dr. Mosaddiq presented his Cabinet to the Shah on the 2nd May, only three days after he became Prime Minister. It contained none of the National Front Deputies, and five members of Mr. Ala's Cabinet: the most striking appointment was that of Mr. Baqir Kazimi as Minister for Foreign Affairs who had recently, as a Senator, distinguished himself by bitter opposition to the A.I.O.C. There were some other

Senators, whose position was uncertain, since it was not clear whether they would have to resign their seats on accepting office. Another key post, the Ministry of National Economy, was filled after some delay by Mr. Amir Ala'i, a member of the National Front Party who later, while retaining his portfolio, became Governor-General of Khuzistan as part of the wholesale replacement of officials mentioned in paragraph 3 above.

9. Dr. Mosaddiq's arrival was followed by sweeping changes in the higher ranks of the civil service, several competent and relatively impartial officials were replaced by quite inexperienced men, with a good National Front record. Hasibi, the National Front's "technical expert" became Under-Secretary for Finance and this appointment, combined with that of Husain Fatimi, an unscrupulous National Front journalist, as head of the Prime Minister's office and of the Propaganda Department made it clear that the National Front would henceforth dominate the governmental machine as well as the Majlis. The Prime Minister and his Government paid little attention to the Shah; the Prime Minister could only with difficulty be induced to visit the Shah. There were no Cabinet meetings in the Shah's presence and in general his influence was much reduced.

10. The apparent end of all effective Persian opposition to nationalisation was naturally followed by signs of disintegration among the leaders of the Nationalist movement. The Fida'is made known their extreme dissatisfaction at Dr. Mosaddiq's failure to release their members arrested in connection with the murder of Razmara and Zanganeh and the attempt on General Hijazi, and Dr. Mosaddiq, declaring his life in danger, barricaded himself for several days in the Majlis. This gave rise to unfavourable comment and there was widespread talk of a change of Prime Minister. Meanwhile the National Front itself tended to divide into a Left-wing group associated with the Partisans of Peace, and a Right-wing one, which on the 17th May proclaimed itself as a new party called the Persian Workers' Party, designed apparently to attract those who might be tempted to join the Tudeh. The latter increased in boldness and activity, staging, through their cover organisations, the "Partisans of Peace" and the "Society for Struggle against the A.I.O.C." several large but orderly demonstrations whose Communist character was unmistakable and

even writing openly to the press demanding legislation of the proscribed Tudeh Party. Dr. Mosaddiq, constitutionally averse to repression and reluctant to rebuff such vociferous supporters of oil nationalisation, took no measures against these renewed Tudeh activities. Immediately on assuming office he lifted the ban imposed by his predecessor on May Day demonstrations, was reported later to be thinking seriously about legislation, and took administrative action likely to impede any future prosecutions for Tudeh activity.

11. During the month Qavam-as-Saltaneh, the elder statesman who is almost a permanent candidate as Prime Minister, left for medical treatment in Switzerland and so temporarily removed himself from the political scene.

12. In the economic sphere, the political uncertainty began to affect business confidence, the A.I.O.C. stopped advancing money to the Persian Government (who had refused to accept these funds as advances and insisted on treating them as instalments of past indebtedness to the Persian Government) and the Seven-Year Plan was virtually without financial resources as the Government had retained for budget expenses more than one-half of the oil payments amounting to nearly £11 million since the beginning of this year. But none of these factors had by the end of May seriously worsened the economic and financial situation.

Although payments to contractors fell into arrear, the Government still managed to meet all its obligations for salaries and wages except in outlying districts where delays are not unusual. The note position improved to such an extent that the proposal to increase the note issue was definitely shelved.

Foreign Affairs

13. Persia's relations with the world were once again dominated by oil. Though the Persian Government maintained that they had no quarrel with His Majesty's Government but only with the A.I.O.C., there were signs of some general hostility. This was mainly a reflection of feeling on the oil question, and of fear that His Majesty's Government would use force to protect British interests and try to raise the tribes

of the south against the Government. The expulsion of two British journalists was perhaps symptomatic of this anti-British trend.

14. Following the United States statement of the 18th May, there was a deterioration of relations with the United States which Mr. Ala had made great efforts to maintain. Oil demonstrations, both those staged by Kashani and those of the Tudeh, acquired a marked anti-American tone.

15. There was no noticeable development in Soviet-Persian relations, but no doubt the Soviet Government's policy aims at exploiting Dr. Mosaddiq's desire for neutrality, encouraging his anti-A.I.O.C. campaign, and lending propaganda support to the Tudeh. It was noticeable that the clandestine Azerbaijan Democrat Radio which started by violently attacking Dr. Mosaddiq, softened towards him, approving his nationalisation policy, which however, to be successful, would require Tudeh support.

16. In relations with other countries the Persians were anxious to secure support for their case and to explore possible sources of technical help. Persian Missions abroad were diligent at these tasks, particularly the first, and every crumb of comfort was at once seized, magnified into a loaf, and acknowledged in fulsome messages of thanks. These efforts seemed to be directed not so much to the acquisition of real outside support for Persia's case as to the convincing of home opinion that such support exists and is in fact universal. I believe that this impression is widespread, though those Persians most in contact with foreigners do not share it.

17. I am sending a copy of this despatch to His Majesty's Ambassadors at Washington, Moscow and Bagdad; to Air Headquarters, Iraq, through His Majesty's Embassy at Bagdad; to the Commander-in-Chief, East Indies, and the Senior Naval Officer in the Persian Gulf; to the Political Resident in the Persian Gulf; to the United Kingdom High Commissioners at New Delhi and Karachi; to the Head of the British Middle East Office, Cairo; and to all His Majesty's Consular Officers in Persia. I have, &c.

F. M. SHEPHERD.

ANGLO-PERSIAN OIL DISPUTE

Sir F. Shepherd to Mr. Morrison. (Received June 19)

(No. 668. Confidential) *Tehran,*
(Telegraphic) *June 19, 1951.*

Following is report by Mustafa Fateh, senior Persian in the Anglo-Iranian Oil Company Organisation, of a conversation last night with Mosaddiq.

Begins:—I received a message from the Prime Minister this afternoon to go and see him at 4.30 at his house.

He told me that his present position *vis-à-vis* the general public in Persia is such that he cannot delay implementation of the law any longer and if the Company do not agree to Article 2 of law by to-morrow evening he has no other alternative but to issue instructions to his people in Abadan to bring about "dispossession" of it.

I asked him what was meant by that and he replied that as from Wednesday morning anybody who wants to take oil away from Persia has to give a receipt or cash for same and those who refuse to do so would not be allowed to receive any oil. I again asked him whether he has realised the consequences of such action which would naturally result in a stoppage of work and he replied that he has taken all these points into consideration and he is not prepared to alter his decision whether there is a stoppage of operations or not.

I asked whether he would consider receipt of a certain sum of money from the Company on account and allow negotiations to continue after which the complexity of the oil industry would be brought to his notice and an arrangement satisfactory to both parties concluded. He replied that he regrets very much that both the British Embassy and the Company are under a misapprehension in regard to the Government's intentions in so far as they concern the Anglo-Iranian Oil Company. He said that the Government are determined to get rid of the Anglo-Iranian Oil Company and they are only prepared to consider the Anglo-Iranian Oil Company as trustees for the Government during a period which would be from now until Articles of Association of the National Oil Company of Persia have been approved by Parliament. Once the permanent Board of Directors are appointed, the Company will cease to act as Trustees for the Government and the

Government would be prepared to negotiate a sales agreement with the British Government in order to comply with Article 7 of the law. He added that as far as the Anglo-Iranian Oil Company was concerned it must cease to operate in Persia, and he will not be prepared to consider any relations with the Anglo-Iranian Oil Company except assessment of compensation payable to them.

I then asked how he proposed to run the industry without expert technical advice and without the necessary organisation which would be required to supply the industry with all the stores and materials from abroad which would be required for operations. He replied that the Board of Directors of the National Oil Company will be composed of 12 Directors, 8 of whom will be foreign experts and 4 Persians. He was quite prepared to select those 8 from nationals of such countries whom the British Government may consider neutral and without any political prejudice. He was not prepared to employ any Britishers on the Board of Directors of the National Oil Company. He also said that in addition to the Board of Directors there will be a Board of Controllers composed of 12 persons, 8 of whom will be Persians and 4 nationals of neutral countries. This Board resolve to control actions of the Board of Directors and will ensure that they are acting in accordance with Articles of Association.

He said that the public feeling against the Anglo-Iranian Oil Company is so intense that no Government would ever dare to be associated with the company in future and therefore the only alternative would be for a cessation of activities of the Anglo-Iranian Oil Company in Persia.

He said that during the present negotiations, the first thing he wishes the Company to do is to explicitly recognise Article 2 of the law and make an estimated payment to the Government in respect of the past three months based on 75 per cent. of the sales proceeds. After having done this the only negotiations that he will be prepared to have with the Company will be discussions in respect of assessment of compensation. He also told me that if there is any stoppage of work in Abadan and the field areas, he will

continue to pay wages to workers who may become idle and he had already placed at the disposal of the provisional board 200 million rials for this purpose.

I asked him what he will do after this sum is finished and he replied that he will appeal to the public and get their agreement to sell gold covering of notes issued which will enable the Government to pay the wages for a number of months until purchasers are found to come and take oil away from

Persia. He seemed very confident that purchasers would be forthcoming and he told me that he has already received offers from India, Italy and elsewhere.

On the morning of 19th June, Mosaddiq called me up on the telephone and said that his conversation yesterday can now be considered as an official message to Mr. Jackson, and asked me to inform Mr. Jackson accordingly.

EP 1531/661

No. 67

ANGLO-PERSIAN OIL DISPUTE

Sir F. Shepherd to Mr. Morrison. (Received June 19)

(No. 670. Confidential) *Tehran,*
(Telegraphic) *June 19, 1951.*

Revised text of aide-mémoire which Jackson will give to the Persians at the meeting this evening.

[Begins]

In the aide-mémoire which his Excellency the Minister of Finance handed to the company's chief representative in Tehran at the end of last month, it was indicated to us that the Imperial Iranian Government was anxious to benefit from the experience and knowledge of the Company and was prepared to take into consideration any proposal made by the company provided that they were not at variance with the principles of nationalisation of oil.

We wish to make at once a constructive interim proposal as an earnest of our desire to reach, as soon as possible, a workable arrangement by which the Government may be able to make use of the company's experience. Accordingly the delegation has authority from the company, to place at the Government's disposal some £10 million as an advance against any sum which may become due to the Government as a result of an eventual agreement between the Government and the company, on the understanding that the Government undertakes not to interfere with the company's operation while discussions are proceeding.

We further offer to pay to the Government the sum of £3 million a month from July onwards during the period which may ensue before an arrangement is reached.

I said at our previous meeting that we were of course ready, whilst fully reserving all our rights, to try to work out with you a satisfactory arrangement which would maintain the efficiency of the industry and

would be consistent with the principles of nationalisation. We have it in mind that a scheme on the following lines might form a possible basis for an arrangement:—

The Persian assets of the company would be vested in a Persian National Oil Company and in consideration of such vesting, the National Oil Company would grant the use of assets to a new company to be established by the Anglo-Iranian Oil Company Limited. The new company would have a number of Persian directors on its board and would operate on behalf of the Persian National Oil Company. The distribution of business in Persia would be transferred to an entirely Persian owned and operated company on favourable terms as regards the transfer of existing assets. The above is an outline only of a possible framework. We put it forward as a constructive effort to suggest a basis of discussion.

We have given the fullest consideration to the points made by his Excellency the Minister of Finance at our meeting on June 14th. If we were correct in understanding this his Excellency's suggestion was that as from March 20th the company should hand to the Government the total proceeds (less expenses) from the sales of Persian oil from which 25 per cent. would be deposited in a mutually agreed bank against any probable claims of the company, we are unable to accept such a suggestion. The delegation has come out for discussions and regard it as unjustifiable that the Persian Government should put forward a demand of this kind before discussion have even started. We are,

moreover, confident that when in our future talks we have been able to explain to you in more detail the machinery of our business you will come to agree with us that such a demand would be neither commercially possible nor acceptable to any oil company.

2. We shall publish immediately after the meeting. We shall telegraph *en clair* when this is done and any amendments or changes which may emerge from this meeting. Presume you will release simultaneously in London.

EP 1531/659

No. 68

ANGLO-PERSIAN OIL DISPUTE

Sir F. Shepherd to Mr. Morrison. (Received June 19)

(No. 672. Confidential) *Tehran,*
(Telegraphic) *June 19, 1951.*

My telegram No. 668.

In view of Mosaddiq's threatening attitude I saw the Shah this morning and called his attention to the critical situation. I said that the last-minute postponement of the Civil Air Agreement seemed to me discourteous and would certainly be given a political significance even if the Ministry of Foreign Affairs had denied that it had any. The company delegation had been presented with an ultimatum and had so far not been allowed to enter into any discussion. The Persian Prime Minister had now made it clear that unless his full demands were agreed to, he would give instructions for the flow of oil to be stopped. His Majesty would realise that such action might have very serious consequences, the full extent of which could not be foreseen.

2. After some discussion, the Shah said he would see what he could do with Mosaddiq and the members of the Government to prevent a breakdown, but he did not seem hopeful of having success. He discussed the desirability of putting it to the members of the Government that they

were pursuing a policy which was highly dangerous for the country and request them to consider whether in fact they wished to put the country in such danger for the sake of Mosaddiq's policy. He thought, however, that even if such a procedure caused a number of resignations Mosaddiq if he resigned himself would do so on the grounds that his efforts to nationalise oil had been frustrated. This would probably not improve the situation and would be continually brought up later on against any settlement that might be reached. Although he realised the danger of the stoppage of the flow of oil he felt that if Mosaddiq were to resign he must do it on the grounds of demonstrable failure of his policy.

3. I have since seen Grady and have confided to him the terms of the aide-mémoire with a strict injunction to secrecy. Grady was very pleased with it and said that he considered that the State Department should give it all-out support. He had seen Mosaddiq yesterday, and the latter had said to him approximately what he had said to Fateh. Grady agreed with the Shah's views as expressed in the last part of paragraph 2 above.

No. 69

PERSIA

(Extract from House of Commons Debates, June 21, 1951)

The Secretary of State for Foreign Affairs (Mr. Herbert Morrison): The debate, by the way it has gone, has justified my view that it was best I should wait till the end in order that I could absorb the various contributions that have been made and points of view which have been expressed. I have

been pleased to listen to the many speeches from more than one angle—indeed, from more than two angles—and there have been a number of able contributions.

The right hon. Member for Warwick and Leamington (Mr. Eden), who opened the discussion, made a speech of moderation in

which he put before us all the serious considerations that are involved in this matter. Other hon. Members have done the same. He made his contribution for the Conservative Party, while the hon. Member for Merioneth (Mr. Enrys Roberts) did so for the Liberal Party. It was a useful contribution. Hon. Members on this side of the House have put their points of view. I think that we have had a very useful discussion, including speeches from people who have had first-hand experience of the matter.

Throughout the debate there has been a complaint from hon. Members opposite—not so much a complaint as a declaration—as to the seriousness of the situation, and that something big and strong ought to be done about it. I must say that they have not been too detailed or particular about what that something is. It would be desirable, if hon. Members take that line, that they should say what it is that they want to be done, but there has not been a great degree of forthcomingness in that respect.

I should like in the first instance, for the sake of the record and for the sake of other countries needing a concise statement of the case, to put the British case in respect of this difficulty and dispute as clearly as I can.

I have reported from time to time to the House on the developments and have kept the House as fully informed as I possibly could. I think it would be true to say that the only development of any significance or substance which has been reported to me since I made my statement yesterday is that the Persian Prime Minister has obtained a unanimous vote of confidence in the Lower House, when about 91 out of 126 Deputies were present.

There has been what I am informed is a minor demonstration against the company's offices in Tehran, and the Persian Government have now published a decree dissolving the company's information department. That probably will be received with a certain amount of sympathy by certain sections of the British press, who are much against information departments. [*Hon. Members: "Cheap from a Foreign Secretary."*] I did not think, so early in my reply, that back benchers would completely lose their sense of humour. The right hon. Member for Bournemouth East and Christchurch (Mr. Bracken), who is a steady opponent of information departments, thoroughly enjoyed the joke.

I should like to take the opportunity, as I have said, to outline the fundamentals of our case in this dispute. The facts at

issue are known to the House, but they need, in my opinion, to be restated for the benefit of countries abroad. The term "nationalisation" appears to us to have been consistently misused by Persian spokesmen. Incidentally, when it became known that we ourselves were prepared to accept the principle of nationalisation, there was a great deal of denunciation in quarters opposed politically to the Government that we should have done any such thing. But I notice to-day that nobody, as far as I know, has criticised the acceptance by us of the principle of nationalisation if it were so pursued by the Persian Government. I may say that the acceptance of the principle of nationalisation was also urged by the Government of the United States in this case.

It is the case, of course, as the right hon. gentleman has said, that Persian oil is already in the ownership of the Persian people.

Mr. Eden: That is more or less what I said.

Mr. Morrison: I said that that is what the right hon. gentleman said. The Anglo-Iranian Oil Company has been extracting, refining and selling that oil under the security of a regularly negotiated agreement, valid until the year 1993. Relying upon that agreement, the company has invested greater sums than have ever before been invested in a foreign country by a single company.

We neither desire nor intend to question the exercise by Persia of any sovereign rights which she may legitimately exercise. We maintain, however, that the action which it seems the Persian Prime Minister is set on taking against the company is not a legitimate exercise of those rights. It is not nationalisation—it is dispossession.

The 1933 Agreement is a contract between the Persian Government and a foreign company. It was freely concluded under the auspices of the League of Nations and it was ratified by the Persian Majlis. It laid down that the position of the company should never be altered by action of the Persian Government, or even by legislation, except as a result of agreement between the company and the Persian Government, and that if the Persian Government had any complaint against the company or *vice versa*, if the dispute could not be settled otherwise it was to be referred to arbitration.

The essential point at issue, as I must again make clear, is not the right of a sovereign Power to pass legislation nationalising commercial enterprises carried on within its borders, nor is it the measure of compensation that the Government concerned should pay for doing so. The point is that the Persian Government in effect undertook not to exercise this right, and the real issue is, therefore, the wrong done if a sovereign State breaks a contract which it has deliberately made. If the Persian Government had any grievance against the company, it should have sought arbitration, as the company has done. It is the Persian Government's failure to accept the company's request for arbitration that has compelled His Majesty's Government themselves to make application to the International Court for the dispute to be heard by the court.

I do not wish, however, to be over-emphatic as to the legal aspects of the matter. Indeed, it was precisely because we hoped that the dispute might be settled in amicable discussions that the company, in full consultation with His Majesty's Government, decided to send its delegation to Tehran, with what result the House knows. We remain ready to discuss all outstanding points fully and frankly, and the proposals which the company has put forward offer, as impartial observers will agree, a basis on which a solution satisfactory to all concerned can be found. But unhappily there is as yet no indication that the Persian Prime Minister is prepared to alter his course, and whether the threats of physical dispossession that have been uttered against the Anglo-Iranian Oil Company will be implemented remains to be seen.

Apparently the Persian Prime Minister is in no mood to accept the co-operation which is so freely offered. He, it seems, would prefer to do without oil than to have any dealings with the company. I wonder if he recognises the danger that may well confront his country if he continues on that course. The dislocation of the Persian economy which would inevitably follow the interruption in revenue from oil could not fail to create conditions in which the Tudeh Party would flourish and attract to its ranks the many in Persia who have long been dissatisfied with the standard of life of their country.

Let me say this, that we have sought—our late colleague, Mr. Bevin, earnestly sought—throughout the Middle East to lift up the standard of life of the poor people of those

countries. It must be faced that the Prime Minister of Persia is not a Left-wing Socialist or anything like that; he is a reactionary.

Mr. Eden: We do not know what he is.

Mr. Morrison: It is important to know what he is. I listened to the right hon. gentleman, I think he might listen to me. I am entitled to put my argument in my own way. I want to make this point because there are certain historical comparisons with it.

The Prime Minister of Persia belongs to a well-to-do class which is being kept going by the working people of that country. And that Government, which could, out of the revenues of the oil company—and they were supposed to do it—have spent money for the social development of the country under the Seven-Year Plan, have largely not done so, but have diverted the money. It is not the first time in history that members of the upper classes and of extreme reactionary views have diverted, or sought to divert, the attention of their working classes by preaching to them to hate the foreigner instead of having a dispute with their own ruling classes. And that, it seems to me, is what they are doing. There were plenty of precedents for it in Western countries in the 19th century. It may be that Dr. Mosaddiq has sown the wind and will reap a Communist whirlwind.

It will perhaps be said that it is for the Persian Government themselves to choose, and that our advice is not sought. Nevertheless, we should be poor friends of Persia if we kept silent. The Persian people themselves, I am convinced, desperately need an improvement in their standard of living. That improvement can come about only if the natural resources of their country are developed, and oil is one of the chief of these resources; indeed, probably it is the chief of the resources.

The many years of experience of work in Persia, the high technical skill, the capital, the transport, and the world-wide selling organisation that together are required to bring Persian oil to its most lucrative development can be provided only by the company. Without its aid the flow of oil and the money that comes from it will dwindle and perhaps cease. It cannot be that the Persian people desire this. Nor can it be in their interests that this catastrophe should come to pass. It is for that reason that we, from our friendship towards Persia, have every right to speak our minds, and it

is for that reason that we offer co-operation which would be fruitful for both Persia and ourselves.

It is, moreover, the case that of all the employers in Persia and probably in the Middle East, the Anglo-Iranian Oil Company, while it may have been open to criticism in some respects, is easily and far away the best employer in Persia or in that part of the world—it is possible, of course, that that is one of its offences—and has spent much money out of its revenues for the provision of schools, health centres and in other ways. To describe that as a mere piece of imperialist exploitation seems to me to be quite wrong. It is the case that the company have paid to the Persian Government large sums of money, and I have indicated that unhappily it has not all gone in the right way.

The House must recognise that Persia has a long record of international interference behind it—foreign interference. One of the first books I read was a book about the spheres of influence of Russia under the Czars and the spheres in influence under the British. I thought that in some of the speeches to which we have listened hon. Members have been casting their minds back to the days of imperialism, and are perhaps thinking that it is possible to do in this modern period what could have been done years ago in the period of imperialist practices. We are not in a period now when we can colonise countries which have reached the stage of self-government. We cannot do in the 20th century what was not uncommonly done in the 19th century.

Moreover, we are part of the United Nations and hon. Members opposite have to face the fact that the imperialism upon which they were brought up is dead.

Mr. Eden: I do not wish to interrupt the Foreign Secretary, but I have not heard one single speech in any part of the House which suggested colonising any part of Persia. Most of us know that Persia was a State even before Britain.

Mr. Morrison: All I say is that I discerned in part of the philosophy of some of the speeches that have been made, and certainly in many of the arguments that have been employed by Conservative newspapers outside—

Earl Winterton: A monstrous charge.

Mr. Morrison: I wish that the noble Lord, who is most touchy if anyone says anything about him, and is very quick to raise points

of order, could really take things without making persistent interjections. *[Interruption.]* We have had from the popular Tory press militaristic and the old imperialist kind of declarations, and even the *Daily Telegraph*, which is so close to hon. gentlemen opposite, the day before yesterday, or yesterday, I think, was pretty well demanding the starting up of two wars, one in Egypt and one in Persia. *[Interruption.]*

Mr. Manuel (Ayrshire, Central): On a point of order—

Mr. Speaker: Did a Member throw something across the Floor of the House? *[Hon. Members: "Yes."] Is that so?*

Major Legge-Bourke (Isle of Ely) rose—

Mr. Speaker: Will the hon. and gallant Member say if he threw something across the Floor of the House?

Major Legge-Bourke: What I did was to throw a penny at the right hon. gentleman and suggest that he put on another record.

Mr. Speaker: That is quite out of order, and I now direct the hon. and gallant Member, because of that act, to leave this House.

The hon. and gallant Member withdrew accordingly.

Mr. Morrison: As far as His Majesty's Government are concerned, we do not wish to pursue the matter in that kind of temper and that kind of spirit. We are most anxious to negotiate a settlement based upon mutual respect and mutual understanding of interests—*[Interruption.]* I wish hon. Members opposite would be a little less capable of demonstrating their hatred merely because a Minister—*[Interruption.]*

Mr. Braine (Billerica): Why not speak as Foreign Secretary?

Mr. Morrison: After all, I and the Government *[Interruption.]* I do not know what all this is about; I was only going to say I and the Government as a whole. I hope this persistent misbehaviour, this persistent ill-conduct on a serious occasion will be noted in the country. We have been subjected to a great deal of day-to-day abuse inside and outside the House and we are entitled to put our point of view and even to make some counter-criticisms.

The point has been raised, as is perfectly natural and understandable, as to evacuation. Let me say quite clearly that this

Government does not wish evacuation to take place. We are certainly not seeking to evacuate the oil-fields. It is our wish, as I said yesterday, that the officers and technicians of the Anglo-Iranian Oil Company should stay there and should do their work and continue to serve the well-being of these undertakings. That is our wish and we shall pursue that with the greatest energy of which we are capable—*[Laughter]*—and I am sure that the men concerned will do so. Despite the laughter, I will once more pay my tribute to these men for the faithfulness they have shown.

One or two considerations have, however, to be kept in mind. There have been demands from hon. Members opposite that I should give absolute guarantees and undertakings that in no circumstances will anybody be moved—nobody; they should all stay. Now, Sir, some of these officers and technicians are scattered about the oil-fields. Not at Abadan, but round the oil-fields, some isolated from the possibilities of protection. Supposing they are in trouble; supposing there are efforts to seize the oil-fields, and supposing they are in difficulties; would it necessarily be wrong to evacuate them to Abadan, or have they to stay there and run a serious risk of possible riot and murder? *[An Hon. Member: "Do not be silly."] I am not being silly.* Repeatedly it is said that everybody should stay and I am putting it in this first instance to the test. I gather then hon. gentlemen opposite, on reflection, are disposed to agree that in those circumstances it would be legitimate and right to evacuate them to Abadan—*[Hon. Members: "Of course,"]*—all right, but it has not been said so until now.

Mr. Eden: We tried desperately hard not to be partisan in our statements, but the right hon. gentleman has just put a question which has not been put across the Floor of the House before, and he cannot complain about not having an answer to a question which nobody put.

Mr. Morrison: I like the right hon. gentleman very much, but he really is a little bit cool sometimes. When the Government have been attacked—

Mr. Eden: I did not attack the Government.

Mr. Morrison: I did not say the right hon. gentleman had, but the Government have been attacked inside this House and outside and then the right hon. gentleman gets up, as innocent as he can so well be—*[Hon. Members: "Cheap!"]*—and asks about

making partisan observations. At any rate, we are agreed on this point, that so far as the outlying places are concerned, it would be legitimate to move those people and evacuate them to Abadan. On the other point, as to the bigger issue and as to military intervention and military operations. I have said that we are prepared, and we have given an undertaking that we would do everything we can to protect British lives. To that I adhere but, it really would be most unwise for me to be involved in any details of possible military movements.

Mr. Brendan Bracken (Bournemouth East and Christchurch): Hear, hear.

Mr. Morrison: But I have been asked to say so by the hon. Member for Windsor (Mr. Mott-Radclyffe)—

Mr. Bracken: No, the hon. Member for Doncaster (Mr. Gunter).

Mr. Morrison: No, the hon. Member for Windsor; I do know what I am talking about. The general purport of the debate has been that the Government should give guarantees which must involve military movements of one sort and another. I would call—

Mr. Mott-Radclyffe: I am grateful to the right hon. gentleman for giving way. As he has referred to me, I would say that all I asked for was an assurance that, should it be necessary to afford protection, adequate troops were available at the right place and at the right time.

Mr. Morrison: The record which I have of what the right hon. gentleman said was that he asked for more details of the plans which have been made to give protection—that those details should be given to the House. It is that point that I am answering. I wish to quote the right hon. Member for Warwick and Leamington, if he does not mind my doing so, because in 1932 he took precisely the same line as I have—in this House on 8th December, 1932, when this same issue arose, curiously enough, on the Persian oil business. At that time he was the Under-Secretary of State at the Foreign Office. Mr. Lansbury said:—

"... may I ask whether it means that if certain contingencies arise, the Government propose to take measures, armed measures, against Persia? I am asking what the Under-Secretary of State means by his statement."

Mr. Eden: I should have thought that the position is quite clear. We hold the

Persian Government responsible for protecting the rights of this British company."

There was another question by Mr. Lansbury, and then it is reported:—

"Mr. Eden: The right hon. gentleman will appreciate that, if he puts a hypothetical question, all I can say is that His Majesty's Government can only be guided by circumstances as they arise."

If I say the same to-day, I am sure that the right hon. gentleman, notwithstanding the anticipation of criticism from various quarters for taking this line, is bound to say I am absolutely right in taking the line; and I think some of his hon. friends are wrong. Mr. Lansbury then put a question to the Lord President of the Council asking whether, before any measures were taken, although the matter was referred to arbitration, the House would have an opportunity of discussing them. The Lord President, Mr. Baldwin, said:—

"The right hon. gentleman must know that it is perfectly impossible to answer hypothetical questions."—[*Official Report*, 8th December, 1932; Vol. 272; c. 1793.]

That was the position of the Government of that day, and if I adopt the same position, I am sure there can be no criticism from the right hon. gentleman for Warwick and Leamington. We are watching the position day by day. We shall do everything we can to protect British lives and we are most anxious also that the undertaking shall continue its valuable existence on behalf of the world as a whole.

There has been great anxiety expressed whether there will be such oil shortages as will give rise to a very serious situation. Undoubtedly, not only will inconvenience, but economic loss and difficulty, be caused if anything untoward should happen to these undertakings. I do not think we should under-estimate it, and other countries must not under-estimate it, because they might be in great difficulties as a consequence of such developments. Nevertheless, it would not be wise to over-play them, because I do not think it will be absolutely devastating, though undoubtedly it will be serious. The question has been raised about petrol rationing in the United Kingdom as a consequence of this situation. I would only say that I am advised by my right hon. friend the Minister of Fuel and Power that that is exceedingly unlikely.

Questions have also been raised about the attitude of the United States. I have been asked what is the general attitude of the United States Government, and whether they support His Majesty's Government in the line we have taken. I would say that the United States Government have in general supported the line which His Majesty's Government have taken. There are two things I can be clear about, and I am sure that the United States Government will in no way mind me saying them; indeed, they are pretty well public knowledge.

One is that they were in favour of our accepting the principle of nationalisation. That was made quite clear early on. Secondly, they were most anxious that every avenue should be explored, so far as peaceful negotiations were concerned, and that there should be no precipitate manifestation of military force. That is perfectly clear, and let there be no mistake about the line of the United States Government in this matter. Therefore, I think it would be fair to say that they are in general accord with the policy of His Majesty's Government. They accept the view that we have a perfect right to take steps for the protection of British lives. [Interruption.] Well, I have been asked about these things, and I thought it right to give the House the information.

Some other things have been said as to the attitude of the United States oil companies, and the right hon. gentleman the Deputy Leader of the Opposition asked that I should deal with the point made from this side of the House. I think it would be fair to say that there have been some people, not of outstanding importance, who were associated or have been associated with the American oil industry, who have said some foolish, unwise and perhaps dangerous things in the course of their travels through the Middle East. I am dealing with people who have been or are associated with the American oil industry.

I think it would not be fair to hold the American oil companies responsible for their activities in this respect. It is only fair to say that we have had a good deal of help and co-operation from the State Department. I am saying "as a whole," because I know the point to which my hon. friend referred about one gentleman, and I do not wish to pursue it, but, as a whole, we have had considerable help and co-operation from the American State Department, and my right hon. friend the Minister of Fuel and Power assures me that, as far as the American oil companies are concerned, as companies in their corporate capacity, there

is no evidence whatever that they have been conspiring against us; on the contrary they have given a good deal of help and assistance.

I thought it fair and right that I should make those observations. Those are the considerations which the Government have in mind. I can assure the House that we do not take a light view of this at all; we do not think that this is a situation which calls for anything but the gravest consideration, and we are determined to do everything we can in order that the situation shall be dealt with, and that we shall get it right.

But we are dealing with an extraordinary Government. [Hon. Members: "Hear, hear."] The right hon. gentleman will notice those partisan cheers from his non-party friends. In the Persian Government, we are dealing with an extraordinary Government, and it is somewhat difficult to follow them from day to day. There is the hope that

they, having moved about so unexpectedly from day to day, may possibly one of these days move in the right direction. At any rate, let us sincerely hope so.

We hope very much that they will see the need and the properness of co-operation with us, and we shall be only too pleased to co-operate with them in order to arrive at an amicable settlement. I am perfectly sure that an amicable settlement can be reached on the basis of the principle of nationalisation. It cannot be reached on the letter of the law of the Majlis, which, indeed, is little more than a series of resolutions. I am sure that on the basis of the principle of nationalisation and of a working agreement with the Persian nation, the Persian Government and the company, we can work out a solution which will be to the common advantage of Persia, of ourselves and of the world as a whole.

EP 1015/251

No. 70

THE PERSIAN SOCIAL AND POLITICAL SCENE—MAY 1951

The Persian Character

The national character of the Persians, like that of other peoples, cannot easily be made a subject of generalisation. The following diffident observations are meant to be relevant to Persian politics—that is, to the classes who influence them and to the qualities and defects which they show in so doing.

2. Most Persians are introverts. Their imagination is strong and they naturally turn to the agreeable side of things—they love poetry and discussion, particularly of abstract ideas: they delight in the ritual of an elaborate courtesy and in the social gatherings where these pastimes can be enjoyed. They are very hospitable.

3. Their emotions are strong and easily aroused.

4. But they constantly fail to test their imagination against reality and to subordinate their emotions to reason. Ingenious in inventing tortuous explanations and solutions, they lack commonsense and the ability to examine and reason from facts. Their well-known mendacity is rather a carelessness of the truth than a deliberate choice of falsehood.

5. This excess of imagination and distaste for facts leads to an inability to go conscientiously into detail. Often, not finding the world answer their dreams, they relapse into indolence and do not persevere in any attempt to bring their ideas into focus with reality. This tendency is exaggerated by the fatalism of their religion.

6. They are intensely individualist, more in the sense of pursuing their personal interest than in the nobler one of wishing to do things on their own without help. Nearly all classes have a passion for personal gain and are ready to do most things for money. Corruption has always been widespread (though it decreased somewhat under Riza Shah) and is so still. They lack social conscience and are unready to subordinate personal to communal interest (unless it be that of the family to which their fidelity is extreme). They are vain and conceited and unwilling to admit themselves in the wrong, but always ready to blame other people and without the proper pride which forbids abuse of one's country before foreigners. They are not notable for courage and this, assisted by the influence of centuries of autocratic government,

makes them unwilling to accept responsibility.

Social structure

7. The traditional Islamic and feudal pattern is still recognisable, though there are some new elements and the power relations between the various groups are altering:—

Traditional Groups

(a) The landowning class, from which are still drawn most Ministers, courtiers, legislators, senior civil servants and Army officers, are generally absentee landlords and spend their time in Tehran, paying scant attention to the welfare of their tenants. Many of them have had European educations, speak foreign tongues, and aim at an appearance of French or American chic.

(b) The old-style bazaar merchants. They are conservative in outlook and much given to religion.

(c) The clergy who range from the learned divines trained in Iraq to the semi-literate reciters of religious texts. By birth many of them come from the bazaar class, over which they have a preponderant influence.

(d) The peasants, generally illiterate and miserably poor, hold land from the landowners on a share cropping system which nowhere gives them more than a bare subsistence. They are generally devout Muslims and too sunk in misery and cut off from contact with other classes to question the fitness of the system under which they suffer.

Untraditional groups

(e) The new-style big businessmen and industrialists. More often than not these come from the large land-owning families and combine seats in the Majlis or Cabinet with business. They are the most Westernised class but even their Westernisation extends only to the luxuries, conveniences and superfluities: they lack moral standards, having discarded such as they inherited and not cared to acquire new ones, and have little social conscience.

(f) The semi-intellectual middle class, largely the product of urbanisation and centralisation in Tehran. Their unity is one of occupation: they are professional men, schoolmasters, dons, civil servants and journalists, who have a particular influence over this very newspaper-reading class. Although numerically few, they are

strategically placed in the big towns and exercise influence, through schools, universities and the press, on the young. They tend to lack the traditional courtesy. They have the beginnings of a social conscience but it is often drained away into the desert of resentful nationalism and wasted by lack of sense of proportion and of the possible.

(g) The industrial proletariat is small but strategically placed in Tehran, Isfahan, Khuzistan and in the Government factories on the Caspian littoral. Outside Khuzistan they are badly paid, often in arrears, have little care taken of their health or welfare. They are at present unorganised, the only large and efficient unions having been suppressed as Tudeh, and the others being either phoney and Government-controlled or ineffective because small and disunited. These unions have recently been nominally amalgamated in a trade union's union whose effectiveness remains to be seen. A Labour law recently reached the statute book but is little enforced. This class, more literate and less devout than the peasants but almost equally miserable, and having numerous opportunities to compare its lot with that of the more fortunate, is much readier than the peasants to be discontented.

(h) To some extent apart from all these groups stand the tribes. Many of them, particularly the Kurds and Lurs, are no longer nomadic and thus fit easily into the general pattern. Most tribal leaders are not of importance outside their own areas but the two biggest tribes, the Qashgai and Bakhtiari, are large enough to endow their leaders, who otherwise simply form part of the landowning class, with a national importance, not merely because of their revenues but also because with the armed support of their tribesmen they can try, and sometimes have tried, conclusions by force with the Central Government. At one time in the not distant past the tribal leaders were almost independent rulers and still exercise powers which other landlords do not.

The influence of recent Persian history on present politics

8. Memories are long in Persia and events of seventy years ago still influence present ones.

(a) Foreign loans and concessions and the Constitution

The inefficient, easy-going and pleasure-loving court of the Qajars was continually

embarrassed for money. The great object of Government was to raise funds, which it did by the oppressive system of tax-farming. Nasruddin Shah (1848–1896) financed himself more and more by foreign loans and concessions. The foreign lender often assumed control of the revenues earmarked to secure and service the loan and the resulting increase in foreign influence, mostly British and Russian, aroused increasing opposition, led by the clergy. In 1892, the Shah was forced by popular indignation to cancel an important British concession. The ferment continued. The Shah was assassinated in 1896. A Constitution limiting the Shah's powers was demanded and eventually effectively granted after violent struggles in which the Russians intervened on the Shah's side and after the Shah himself had been deposed. The clergy throughout played a leading part in the constitutional movement and the great Bakhtiari tribe gave it decisive military support. His Majesty's Government did not conceal their sympathy with the Constitutionists.

(b) It is doubtful whether the Constitution would ever have conferred the benefits expected of it, but in any case the anarchy of the years 1914–1921 when the country was intermittently occupied by troops of both sides gave it no chance. In 1919 the British and Persian Governments concluded an agreement under which the former was to make large loans to Persia and provide numerous advisers. Had it ever come into force this might well have proved the salvation of Persia, but the British delay in finally deciding to spend such large sums allowed feeling against the agreement to gain ground in Persia and the Prime Minister hesitated to present it to the Majlis for ratification. Meanwhile Riza Shah had started his swift rise to power, becoming successively Commander-in-chief, Minister for War, Prime Minister, Shah and at last military dictator. He was determined to eradicate foreign influence and establish internal security. He became increasingly impatient of criticism and his suspicion of potential rivals led him into cruelties which recall the later Roman emperors. The Majlis elected under his army's direction, became a rubber stamp and Ministers once more the personal servants of the Shah. The despotism of the Qajars had been mitigated by inefficiency. Riza's was unlimited. Although security was excellent and economic conditions tolerable, his later passion for the acquisition of land bore heavily on the property-owning classes who

often found themselves deprived of their land by confiscation or forced sale at confiscatory prices, and his virtual abolition of free speech and freedom of expression aggrieved all those who were accustomed to pass their time in political intrigue and criticising the Government. Riza also ruthlessly reduced the power of the clergy and no doubt wished to eradicate the influence of Islam from public life.

(c) The Allied Occupation 1941–1946

This led to the abdication of Riza Shah and the breakdown (masked during the war years by Allied control) of his centralised system of government. Quick decisions became unobtainable, projects of development remained unfinished and security deteriorated. In their zone the Russians ruthlessly exploited natural resources for their own benefit and encouraged the formation of a pro-Russian party. The subsequent attempt by Russia to detach Azerbaijan and the eventual defeat of this plan are familiar. The revolt by the Southern tribes against the weakness and subservience to Russia of the Central Government are less so.

9. The events summarised above have left permanent traces on Persian political sentiment, viz.:—

- (a) In internal politics, a fear of dictatorship and a genuine distrust of and reluctance to strengthen the Central Government. This is particularly strong among the landowning class, the town *intelligentsia* and the clergy.
- (b) In foreign relations, a general distrust of Europeans (tempered by an affection for Britain on the part of those who remember her support of the Constitutionists) and a particular dislike of foreign loans and concessions and a continual suspicion that Britain and Russia are intervening in Persia's internal affairs and fear that they will try to exploit Persia's centrifugal tendency by taking actual or virtual possession of those regions in which they are traditionally interested.

The Persian Constitution

10. This is modelled on the Belgian Constitution and embodies the principle of the separation of the executive and legislative powers, its main aim being to make the former completely dependent on the latter.

11. The Shah is officially declared "exempt of responsibility." He has no right to suspend or veto legislation. Although he officially appoints and dismisses Ministers, the latter remain exclusively responsible to the Chambers which can by a vote of no confidence force their collective or individual resignation. A practice has also grown up whereby the Shah is expected to take the sense of the Lower House before nominating the Prime Minister. In 1949 the Shah secured the adoption by a special Constituent Assembly of modifications to the Constitution allowing him to dissolve the Chambers. At the same time the Senate was set up in accordance with the Constitution, which provides for the nomination of half of its members by the Shah. This should have noticeably increased his control over government but this hope has been belied.

12. The Shah's influence on affairs is naturally determined to a large extent by personality. The present Shah is intelligent and well intentioned, with a Western enthusiasm for reform but has not a strong character. His natural indecision, his desire to be a truly democratic monarch and his habit of listening to all sorts of people and taking advice from all quarters, together with the intrigues of his family and courtiers, prevent him from giving the country the decisive lead it so often needs. At the same time a regrettable "dog in the manger" complex makes him afraid and suspicious of strong men in politics and reluctant to give them power or allow them free use of it. His popularity, which remained high for several years after the war, has recently declined and his failure to react strongly to the recent outbreak of political violence has lost him some of the respect which the Oriental feels for strength.

13. The Majlis has a term of two years, while Senators hold office for six years. The Majlis is elected by universal male suffrage and a largely illiterate electorate. Elections are therefore generally jobbed and rigged, and Deputies come from the landowning class, which has the greatest numbers of docile tenant-constituents at its disposal. A few are enlightened and honest but the majority spend their efforts in obliging the Government to devote money to projects in which they have a financial interest and to find employment in the civil service for their friends. The Deputies find it impossible to form groups even as stable as those in the French Chamber. Cabinets have therefore no assured support and are short-lived. Procedure is such that most of the time is spent

in discursive speeches "before the agenda" with no set subject. Even when the agenda is reached, irrelevancy, exchange of personal abuse (and sometimes blows) are frequent. This and the quorum rules make it difficult to get legislation through against a determined minority bent on obstruction.

14. The Senate is half elected (by indirect election) and half nominated by the Shah. Most of them are drawn from the ranks of former Cabinet Ministers, Ambassadors, senior civil servants, &c. Their proceedings are more respectable than those of the Majlis but since its inauguration in 1950 the Senate has lacked the courage to fulfil its essential function of acting as a brake on the Majlis.

15. No mention need be made of the judiciary since the whole legal system is so inefficient and corrupt that it is not an effective part of the machinery of Government.

The Civil Service

16. Nepotism has enormously inflated the service and many of the officials rarely attend their offices except to draw pay. Attempts to reduce numbers have been resisted by Deputies and it is in any case difficult to do so without finding other work for those dismissed. There are some intelligent, honest and public-spirited officials, but the majority are inefficient and listless, and the grotesquely low pay makes widespread corruption inevitable. The service as a whole has only a negative influence in hampering the legitimate activities of ordinary people. There is a tendency to change senior officials with every change of Cabinet, thus destroying any continuity.

Security Forces

17. The modern Persian army was created by Riza Shah, whose régime rested on it in the last resort, and is thus suspect to all those who do not love his memory. It is about 100,000 strong. Although most of the men are conscripts and very poorly paid, they are potentially passable fighters, but are badly led; the over-numerous officers being as a whole inefficient, careless of their men's welfare, even when they do not exact money from them and pilfer their rations, are likely to waver in battle: the troops do not trust them. The small Air Force is equipped with out-of-date British and American fighters and handicapped by inadequate ground services. There is also a small navy. Policing is divided between two forces, the police proper, which works in the larger towns and the gendarmerie, which covers the country,

both controlled by the Ministry of the Interior. The police are corrupt and much penetrated by the Tudeh; the gendarmerie have improved a little lately, but are very unpopular.

The Press

18. This, like the Constitution, is of recent origin and has few traditions but those of permanent opposition, destructive criticism and personal invective untrammelled by a law of libel. There are a great number of papers, most of them with circulations insufficient to cover costs of production. They are therefore venal and many are subsidised by prominent politicians and their supporters. Few of the editors are much concerned with the truth of what they publish, provided that it is sensational enough to attract readers. Unfortunately, though the influence of the press is almost wholly bad, being exercised in the encouragement or indulgence of prejudice and partisan feeling and the spreading of unverified or fantastic reports, it cannot be dismissed, since most politicians are sensitive to their reception in the press and the general climate of opinion in Tehran is often affected by it.

A short summary of recent events

19. With the liberation of Azerbaijan in 1946, it should have been possible to settle down to the reconstruction and reorganisation which the occupation and the collapse of the Riza Shah régime had made so necessary. It was widely hoped that Qavam-us-Saltaneh, the astute elder statesman who had compassed the recovery of Azerbaijan, would perform this task as well. His much-publicised "Democrat" Party, which was to have stolen the Tudeh thunder and inaugurated an epoch of social reform, proved to be little but a political machine selling seats to Deputies and rewarding them with profitable licences and jobs for their satellites. A year after the liberation of Azerbaijan the Shah tired of Qavam and engineered the collapse of his Cabinet. There followed a series of weak though well-meaning governments whose not very ardent efforts at positive legislation were blocked by the Majlis. In 1949 a supposedly Tudeh assassin shot at but did not kill the Shah. The latter exploited the situation to exact the constitutional reforms mentioned in paragraph 11 above and once more there seemed hope of energetic reforms, this time under the Shah's leadership. But foreign politics soon obscured the scene. In 1947, when rejecting the exchange of letters about

Russian participation in the oil of northern Persia, the Majlis had passed a Bill calling on the Government to "recover the rights of Persia" in the southern oil. Although designed chiefly as a sop to the Russians, this Bill in the event gave rise to the present oil dispute. By summer 1949 the A.I.O.C. had been persuaded to negotiate in Tehran for the amendment in Persia's favour of the financial terms under which it operates. After hard bargaining a settlement most favourable to Persia (the so-called Supplemental Agreement) was signed but, presented to the Majlis for ratification, it was talked out by a then small group of Deputies, mostly unscrupulous former members of Qavam's Democrat Party. Most of them were undistinguished by birth, inexperienced in affairs and of little education, and their speeches were not infrequently written for them by disgruntled intellectuals outside the Majlis. But they included some eloquent ranters. They were still filibustering, and the Bill had not been voted on, when the Majlis was dissolved at the end of its term. They were already exercising an influence disproportionate to their numbers—due mainly to the traditional dislike of loans and concessions and of the acquisition of power (in this case money) by the Government. The subsequent elections were neither free nor competently managed and the group of Deputies who had talked out the Oil Agreement began more and more to assume the air of a political party and concentrated their energies on being elected for Tehran. Most of them were not, and no doubt their failure was engineered. Hereupon, led by the aged and unstable Dr. Musaddiq, a pre-Riza Shah politician of good family but no great distinction, with a burning hatred of dictatorship learned in Riza's gaols and a reputation for patriotism based on his sponsorship in 1944 of a law forbidding any more oil concessions, the rejected candidates staged demonstrations of protest, until the Tehran elections were cancelled and reheld in comparative freedom. The Musaddiq group were elected and from now on formed a "National Front" enjoying, besides the prestige of their fight against the Oil Agreement, that of being the only freely-elected Deputies. The Shah meanwhile, sick of the stagnation of Government, dismissed the latest ineffective Prime Minister and appointed the capable and energetic Chief of the General Staff, Razmara, in his place. His military past and the manner of his nomination displeased the Majlis, and the National Front, ever quick

to play on the Majlis's self-importance, increased their influence daily, blocking all useful legislation. Razmara's plan had been to establish his popularity with the public by some spectacular reforms, principally the decentralisation of Government, and then to pass the Oil Agreement and thus acquire the funds needed for their execution. Bitterly opposed by the National Front, unable to handle the other Deputies and not always fully supported by the Shah, he failed to carry out much of his plan and thereafter shied at presenting the Oil Agreement to the Majlis, though pressed by the Shah and an empty treasury to do so. His task was rendered more difficult by the return from exile of Kashani, a turbulent mullah who threw the weight of his fanatic eloquence and the coffers of his supporters in the Bazaar behind the National Front. It was a foregone conclusion that when Razmara finally presented the Oil Agreement it would be rejected and the words "nationalisation" had been uttered by Kashani before the agreement was cold in its grave. Thereafter, Razmara made a valiant attempt to demonstrate the undesirability of nationalisation and perished in it, shot by one of the Fida'is of Islam, a secret society of Muslim and chauvinist fanatics who for the time being were supporting Kashani and the National Front. The outrage was not immediately followed by any measures to restore public order and confidence in the Government's determination to maintain it, and the ensuing terror enabled a Nationalisation Bill to be rushed unanimously through both Houses. Though the power of the Fida'is was soon reduced by martial law and arrests of terrorists, it was then too late.

20. Ala, the new Prime Minister, had not opposed the basic nationalisation law but the second, purporting to lay down the modalities of nationalisation, was too much for him and he resigned. Misjudging the temper of the Majlis, the Shah left them the choice of a successor. When they chose Musaddiq he could do little but accept him, the Senate having followed the Majlis's lead in spite of the Shah's adjurations. Apart from sweeping personnel changes, which seem designed to make the National Front powerful in the Ministries as well as in the Majlis and the Cabinet, Musaddiq has done little but talk oil with all and sundry, and in fact the centre of power seems to be now not in the Palace, the Majlis or the Cabinet,

but in a body called the Mixed Oil Commission, composed of Senators and Deputies, set up under the second nationalisation law to take over the affairs of the "former Oil Company."

21. The confusion and insecurity in which Persia has lived since Razmara's death can only benefit the Tudeh Party. This party, formed under Russian auspices and the tool of Soviet policy in Persia, is in all but name an orthodox Communist Party, based originally on the industrial proletariat and the town *intelligentsia* and now making a determined bid for the support of the peasants. It scored its first big success in 1946 when Qavam, busy placating the Russians, went so far as to admit Tudeh Ministers to his Cabinet. The resulting Tudeh penetration of the Ministries they held, particularly that of Education, with its schools and universities, was never afterwards eradicated and it has continued to spread to others, especially the Ministry of Justice. In 1949, after the attempt on the Shah, the party was proscribed and its leaders fled the country or went underground. But this set-back was only temporary. The party newspapers were soon appearing again, clandestinely printed, all kinds of other literature more and more freely distributed, and latterly, profiting by the Soviet Peace Campaign (which appeals to many non-Communist Persians attached to the outmoded theory of Persian neutrality) and the agitation against the A.I.O.C., the party has in effect come into the open again in the shape of "Partisans of Peace" and "Strugglers against the A.I.O.C.", staging large demonstrations and writing open letters to the press demanding its legislation.

22. Razmara was murdered on 7th March: on 25th March strikes broke out in the oilfields. The disorders spread later to Abadan and continued with loss of life and serious curtailment of production till about 25th April. This was the first unmistakable sign of the Tudeh's renewed power and daring. Although the disorders were eventually overcome no general and ruthless measures of suppression followed, the Prime Minister being temperamentally opposed to repression and perhaps afraid to alienate the present Tudeh support for oil nationalisation.

*British Embassy, Tehran,
25th June, 1951.*

EP 1531/773

No. 71

CONVERSATION BETWEEN THE SECRETARY OF STATE AND THE FRENCH AMBASSADOR

Anglo-Persian Oil Dispute

Mr. Morrison to Sir O. Harvey (Paris)

(No. 647. Confidential) *Foreign Office,
Sir, 27th June, 1951.*

In the course of a call which he paid on me to-day the French Ambassador raised the question of Persia and asked if there were any new developments. He had gained the impression from press reports of my statement in the House of Commons yesterday that evacuation of the Anglo-Iranian Oil Company was imminent and was about to start immediately.

2. I replied that there were no new developments since I made my statement yesterday. Evacuation was a difficult problem. We would have no option but to take away our tankers without oil if the Persians would not let them leave without signing their receipts; in this case the storage tanks at Abadan would soon get full, which would mean that the supply to the tanks would have to be turned off, which in turn would lead to the possibility of fires breaking out and of civil unrest and to charges of sabotage being brought against employees of the Anglo-Iranian Oil Company. We had no wish to evacuate, but unless the Persians changed their tune there seemed to be no alternative. We could not

take risks with the lives of British subjects who were living under a very real threat. We were not *trying* to evacuate; evacuation was being forced on us.

3. The situation was very worrying and I could not see how it could be solved with the present Persian Government in power. It was a reactionary Government and had been denounced as such by the Persian trade union delegate at the recent meeting of the International Labour Office (I.L.O.). It had absolutely no regard for Persia's interests and seemed to be quite unconcerned at the spectacle of the country heading towards disaster.

4. I said that the problem was of common interest to us all. The Americans were now behind us; I had just received a further indication of Mr. Acheson's helpful attitude. I expressed appreciation of the support we had received from the French Government, which I hoped would continue.

5. I am sending a copy of this despatch to His Majesty's Ambassadors at Washington and Tehran.

I am, &c.

HERBERT MORRISON.

EP 1531/797

No. 72

ANGLO-PERSIAN OIL DISPUTE

To Sir F. Shepherd (Tehran)

(No. 653. Confidential) *Foreign Office,
(Telegraphic) June 28, 1951.*

His Majesty's Government have noted with regret that the Persian Government have not only not replied to the aide-memoire addressed to the Persian Prime Minister on May 19th, by His Majesty's Ambassador at Tehran, but in the meantime have not seen fit to respond to the offers repeatedly made both by the A.I.O.C. and by His Majesty's Government to enter into negotiations with the Persian Government with a view to a just and reasonable settlement of the question of the future relations between the company and the Persian Government.

2. Furthermore, while the Persian Minister of Finance, in a letter of April 30th, to the company's representative at Tehran, expressed the desire of the Persian Government to avail themselves of the experience and technical knowledge of the A.I.O.C., the Persian Government took no advantage whatsoever of the delegation which the company recently sent out for discussions. Moreover, the recent actions of the Persian authorities have constituted serious interference in the normal workings of the company's operations. The company's offices in Tehran have been occupied by Persian authorities, the company's manager at Kermanshah has been forcibly restrained

from carrying out his functions, and in Khuzistan interference of all kinds with the company's operations has been made and is continuing. Incitements have been addressed to the company's staff to transfer their allegiance to the National Iranian Oil Company, inflammatory and provocative speeches have been made by members of the Persian Government delegation in the oil areas, and a campaign of misrepresentation against the company has been undertaken by the Tehran radio and through the press.

3. The Persian authorities in Abadan have refused to allow tankers calling at that port to load and export oil unless they signed receipts implying that this oil was the property of the National Iranian Oil Company. When the company's general manager, Mr. Drake, instructed B.T.C. tanker masters, when signing such receipts, to add an endorsement reserving the legal rights of the company over the oil in question, he was informed, in a letter dated June 23rd, from the temporary Board of Management of the National Iranian Oil Company, that these actions on his part amounted to "sabotage." His Majesty's Government have observed that, under the terms of a so-called Anti-Sabotage Bill which has now been introduced into the Majlis, persons accused of sabotage would be triable before a Military Court and liable to penalties up to and including death. Your Excellency will have noted that in the statement which I made in the House of Commons on June 26th, a copy of which has been communicated to you, I rejected in advance in the name of His Majesty's Government, any suggestion that accidents resulting from interference in the working of the company's operations could be ascribed to "sabotage." His Majesty's Government, as your Excellency is aware, has made application to the International Court of Justice in regard to the action of the Persian Government in attempting to enforce against the A.I.O.C., in breach of the latter's 1933 Concession Agreement, the implementation of the Persian nationalisation laws. Until this case has been heard, the matter must therefore be regarded as being *sub judice*. In the view of His Majesty's Government, the crude oil and refined

products produced by the A.I.O.C. are the property of that company. They cannot therefore admit that the masters of tankers in which this oil is exported should be forced to sign a receipt the purport of which is to acknowledge a different ownership of the oil. Since the Persian authorities were apparently unwilling to agree that any endorsement should be added to such receipts reserving the company's legal rights in this respect, it has been necessary to withdraw from Abadan all tankers already there and to advise other tankers not to proceed thither unless and until the attitude of the Persian authorities is modified.

4. Since storage capacity at Abadan is limited, this must mean that the Abadan refinery will have to close down as soon as the existing storage capacity for refined products is full, and the flow of crude oil from the oilfields will soon have to cease. The British personnel in the oilfields will accordingly be temporarily withdrawn therefrom into Abadan as and when their presence in the fields is no longer required.

5. His Majesty's Government wish to place on record that the responsibility for withdrawal of tankers and the progressive closing down of the company's installations, with the consequent loss of revenue to Persia and large-scale unemployment amongst Persian workers, results solely from the present attitude of the Persian Government, which have not only refused repeated offers to negotiate, but have persisted in pursuing, without proper study or previous consultation, a course of action which must have the gravest consequences. They find it difficult to believe that the Persian Government, even at this late hour, will not recognise the unwisdom of their action. In that event His Majesty's Government, as they have so often stated, remain ready to engage in discussions with a view to seeking a settlement by negotiation on lines which have already been indicated.

6. Finally, I must once more remind your Excellency that the Persian Government are responsible under International Law for the protection of all British subjects in Persia. Should they fail in this respect, they alone will be responsible for the consequences.

EP 1531/802

No. 73

CONVERSATION BETWEEN THE SECRETARY OF STATE AND THE UNITED STATES AMBASSADOR

Anglo-Persian Oil Dispute

Mr. Morrison to Sir O. Franks (Washington)

(No. 701. Secret)
Sir,

*Foreign Office,
28th June, 1951.*

The United States Ambassador this morning showed me a telegram from the State Department regarding a proposed approach to Dr. Mosaddiq, the gist of which is contained in my telegram No. 658 of to-day's date to Tehran. A summary of my reply to him, sent later after consultation with my colleagues, is contained in the same telegram.

2. In delivering the above message, Mr. Gifford asked whether I had seen Mr. Acheson's latest press statement on Persia (your telegram No. 1981 of 27th June) and whether I thought it satisfactory. I said that it certainly represented an improvement on his previous statements.

3. In the course of conversation, I informed the Ambassador that we had been considering whether there was any means of holding Abadan Island in order to keep the refinery running, if necessary on oil

imported from Kuwait or elsewhere, but had not yet reached any conclusion. I had also been wondering whether there would be any advantage in a joint Anglo-American approach to the Shah, urging him to dismiss Mosaddiq and to take charge, if necessary with the help of the army.

4. Mr. Gifford also mentioned the alleged statement by Mr. Grady referred to in paragraph 2 of your telegram No. 1975 of 27th June and stated that Mr. Grady had now denied having made any such statement. The State Department wished, however, to express their regret that any such statement should have appeared.

5. I am sending copies of this despatch to His Majesty's Ambassadors at Tehran, Bagdad and Paris, the British Middle East Office at Cairo and to the United Kingdom Delegation, New York.

I am, &c.

HERBERT MORRISON.

EP 1531/802

No. 74

ANGLO-PERSIAN OIL DISPUTE

To Sir F. Shepherd (Tehran)

(No. 658. Secret)
(Telegraphic)

*Foreign Office,
June 28, 1951.*

United States Ambassador this morning showed me a telegram from the State Department containing the terms of a message from Acheson which it was proposed that Grady should communicate to Mosaddiq, if possible to-day. This message, after expressing the United States Government's concern at the present trend of events in Persia and particularly at the imminent stoppage of production of oil with all its grave consequences, suggested a *moratorium* and then the adoption of interim arrangements for sixty days between Persia and the British interests which, without prejudice to the issues involved, would permit operations and arrangements

to continue until more permanent arrangements could be worked out. These arrangements should include:—

- (a) Conditions under which British technicians could remain at their jobs;
- (b) Direction of operations by qualified personnel; and
- (c) Interim financial arrangements.

2. The State Department instructed Gifford to discuss the matter with me on a secret basis in order to make sure that such action would not be inconsistent with our views. Grady's comments on the desirability of the proposed approach had also been sought, but it had been emphasised that the approach should not be made pending further instructions.

3. After the matter had been considered by Ministers the United States Ambassador was informed in the following sense:—

- (1) We are agreeable to the proposed approach, which we regard as a helpful attempt to provide a temporary solution to the present deadlock, and are appreciative of this initiative on the part of the State Department.
- (2) For the phrases quoted under (a) and (b) in paragraph 1 above we should prefer to see substituted "Conditions under which qualified Anglo-Iranian Oil Company technicians could remain at their jobs and continue to direct operations." To (c) above we should like to see added, "on the lines already proposed by the Anglo-Iranian Oil Company."
- (3) We also suggest that the proposed arrangement should be made conditional on the suspension, or if

possible the withdrawal from the Majlis altogether, of the so-called "Anti-Sabotage Bill."

- (4) We should see no objection to Grady indicating to Mosaddiq that he has reason to believe that arrangements on the lines suggested might be acceptable to us but would hope that in doing so he would make it clear that our acceptance in principle would not derive from weakness but would on the contrary be a further proof of our desire to see the matter settled by negotiation and in the meantime to ensure the continued flow of oil.

5. We also hope that if Mosaddiq should respond to the approach Grady would not allow himself to become involved in detailed negotiations regarding the terms of the proposed arrangements but would confine himself to preparing the way for discussions between the Persian Government and the company.

EP 1531/890

No. 75

C.R. 51/9

**COUR INTERNATIONALE DE JUSTICE, LA HAYE, ANNEE 1951
INTERNATIONAL COURT OF JUSTICE, THE HAGUE, YEAR 1951**

Séance publique tenue le samedi, 30 juin, 1951, à 10 h. 30 au Palais de la Paix, La Haye, sous la présidence de M. Basdevant, Président de la Cour.

Public Sitting held on Saturday, 30th June, 1951, at 10.30 a.m., at the Peace Palace, The Hague, the President, M. Basdevant, presiding.

**COMPTE RENDU STENOGRAPHIQUE
VERBATIM REPORT**

Présents / Present :

Président / President: Basdevant.

Vice-Président / Vice-President: Guerrero.

Juges / Judges:

Alvarez.
Hackworth.
Winarski.
Zoricic.
De Visscher.

Sir Arnold McNair.
Klaestad.
Badawi Pacha.
Read.
Hsu Mo.

Greffier / Registrar: Hambro.

Sont présents également / Also present.

Pour le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord:

For the United Kingdom of Great Britain and Northern Ireland:

Rt. Hon. Sir Frank Soskice, K.C., M.P., Attorney-General.

Sir Eric Beckett, K.C.M.G., K.C., Conseiller juridique, Foreign Office / Legal Adviser, Foreign Office.

Professor H. Lauterpacht, K.C., Professor of International Law in the University of Cambridge.

Mr. A. K. Rothnie, Eastern Department, Foreign Office.

Mr. H. A. P. Fisher, Assistant Legal Adviser.

Mr. D. H. N. Johnson, Conseiller juridique adjoint, Foreign Office.

THE PRESIDENT: [interpretation] The hearing is open.

The Court is meeting to-day to consider the request for the indication of interim measures of protection filed on 22nd June, 1951, by the Government of the United Kingdom of Great Britain and Northern Ireland against the Empire of Iran in the Anglo-Iranian Oil Company, Limited, case, which has been brought before the Court by Application of the Government of the United Kingdom of Great Britain and Northern Ireland, dated 26th May, 1951.

I call upon the Registrar to read, in the original text, the interim measures of which the indication is requested by the Government of the United Kingdom.

THE REGISTRAR:

- (a) The Imperial Government of Iran should permit the Anglo-Iranian Oil Company, Limited, its servants and agents, to search for and extract petroleum and to transport, refine or treat in any other manner and render suitable for commerce and to sell or export the petroleum obtained by it, and generally, to continue to carry on the operations which it was carrying on prior to 1st May, 1951, free from interference, calculated to impede or endanger the operations of the Company, by the Imperial Government of Iran, their servants or agents, or any Board, Commission, Committee, or other body nominated by them.
- (b) The Imperial Government of Iran should not by any executive or legislative act or judicial process hinder or prevent or attempt to hinder or prevent the Anglo-Iranian Oil Company, Limited, its servants or agents, in or from continuing to carry on its operations as aforesaid.
- (c) The Imperial Government of Iran should not by any executive or legislative act or judicial process sequester or seize or attempt to sequester or seize or otherwise interfere with any property of the Anglo-Iranian Oil Company, Limited, including (but without prejudice to a decision on the merits of the case) any property which the Imperial Government of Iran have already purported to nationalise or otherwise to expropriate.
- (d) The Imperial Government of Iran should not by any executive or legislative act or judicial process sequester or seize, or attempt to sequester or seize any monies earned by the Anglo-Iranian Oil Company, Limited, or otherwise in the possession or power of the Anglo-Iranian Oil Company, Limited, including (but without prejudice to a decision on the merits of the case) any monies which the Imperial Government of Iran have purported to nationalise or otherwise to expropriate or any monies earned by means of property which they have purported so to nationalise or otherwise to expropriate.
- (e) The Imperial Government of Iran should not by any executive or legislative act or judicial process require or attempt to require the Anglo-Iranian Oil Company, Limited, to dispose of the monies referred to in subparagraph (d) above otherwise than in accordance with the terms of the Convention of 1933 or of any measure to be indicated by the Court.
- (f) The Imperial Government of Iran should ensure that no other steps of any kind are taken capable of prejudicing the right of the Government of the United Kingdom to have a decision of the Court in its favour on the merits of the case executed, should the Court render such a decision.
- (g) The Imperial Government of Iran and the Government of the United Kingdom should ensure that no step of any kind is taken capable of aggravating or extending the dispute submitted to the Court, and, in particular, the Imperial Government of Iran should abstain from all propaganda calculated to inflame opinion in Iran against the Anglo-Iranian Oil Company, Limited, and the United Kingdom.

THE PRESIDENT: On the very day on which the request for the indication of interim measures of protection was filed, a telegram was sent by the Registrar of the Court to the Minister for Foreign Affairs of Iran, in order to transmit to him

the submissions of the request. In addition, on the same date, a copy *in extenso* of the request was addressed to him by air mail.

Furthermore, the parties have been duly notified, by telegram dated 23rd June, of the date fixed for the opening of the present hearing.

The Government of the United Kingdom of Great Britain and Northern Ireland is represented by:—

Sir Eric Beckett, K.C.M.G., K.C., Legal Adviser, Foreign Office, as Agent;
and
Right Hon. Sir Frank Soskice, K.C., M.P., Attorney-General,
Professor H. Lauterpacht, K.C.,
Mr. H. A. P. Fisher, Legal Adviser,
Mr. D. H. N. Johnson, as Counsel.

The Minister for Foreign Affairs for Iran has communicated to the Court a telegram dated 29th June, 1951, in which he states the reasons for which his Government considers that the Court should reject the request for the indication of interim measures of protection.

I call on the Agent of the Government of the United Kingdom, or if he prefers it, I call upon his Counsel.

SIR ERIC BECKETT: The Attorney-General, Sir Frank Soskice, will address the Court on behalf of the United Kingdom.

SIR FRANK SOSKICE: May it please the Court, before I begin to state the grounds on which the Government of the United Kingdom are asking the Court to indicate interim measures, I wish to express to the Court the appreciation which the Government of the United Kingdom feel for the prompt steps which you have taken in conformity with the rules of Court to assemble and consider our request. I need not labour the point that the request for interim measures which we have made is indeed of the greatest urgency. The Court will have read in our request of the situation which actually exists at the moment in Iran, and I shall have at a later stage in my speech to recite further facts and incidents which have occurred since the request was filed.

The Court will recall that the Government of the United Kingdom in the Application which it made to the Court on 26th May, 1951, reserved the right to request the Court in accordance with Article 41 of the Statute of the Court to indicate any provisional measures which ought to be taken to protect the right of the Government of the United Kingdom that their national, the Anglo-Iranian Oil Company, Limited, should enjoy the rights to which it is entitled under the concession granted by the Iranian Government in 1933. The Government of the United Kingdom did not at that time think it proper to make such a request to the Court, because they still hoped that a settlement by agreement might be reached between the Iranian Government and the Anglo-Iranian Company. The Company agreed to send a special delegation to Tehran for conversations with the Iranian Government and the Iranian Government had agreed to receive this delegation. The Government of the United Kingdom wished to do nothing which could possibly prejudice the conversations and reduce the chances of reaching a settlement. The company's delegation arrived in Tehran on 11th and 12th June, and the conversations began immediately. At an early stage, however, it became apparent that the Iranian Government were not prepared even to discuss an agreed settlement but merely insisted that the Company should accept the oil nationalisation law of 1st May, 1951, referred to in paragraph 4 of the United Kingdom Application, and should co-operate in carrying out its terms without any alteration at all. As the Court will appreciate, the company were unable to accede to such a proposal, since in the first place it is their contention (as it is the contention of the Government of the United Kingdom) that the 1933 Convention cannot be annulled or altered except with the agreement of the Company or under the terms of the convention, and that the annulment or alteration which the Iranian Government has purported to enact by the oil nationalisation law is a breach of the Convention and contrary to international law; and in the second place, even if the Company were prepared to agree in principle to some form of nationalisation, they could not agree to, or co-operate in executing, an enactment which refers to the Company as the "Former Anglo-Iranian Oil Company" and purports to dispossess it forthwith of its property and undertaking. The Iranian Government were not prepared, however, to continue the conversations with the Company on any other basis and the negotiations therefore terminated on 19th June. It was then apparent that there was no

possibility by negotiation of persuading the Iranian Government to refrain from proceeding with the execution of the oil nationalisation law and taking steps in relation to the property and the undertaking of the Anglo-Iranian Oil Company in Iran which might irreparably damage such property and prejudice the Company. In these circumstances the Government of the United Kingdom have no alternative but to lodge an immediate request that the Court should indicate interim measures of protection.

The Court will recall that in its Application of 26th May, the Government of the United Kingdom asked the Court to declare that the Iranian Government are under a duty to submit the dispute between themselves and the Anglo-Iranian Oil Company to arbitration, and to comply with any award of the arbitral tribunal. Alternatively the Government of the United Kingdom asked the Court to declare that the putting into effect of the Iranian oil nationalisation Act, in so far as it purports to effect a unilateral annulment or alteration of the terms of the Convention, would be an act contrary to international law for which the Iranian Government would be internationally responsible and that by rejecting arbitration in accordance with the Convention, the Iranian Government have committed a denial of justice against the Company contrary to international law. Further, the Government of the United Kingdom asked the Court to declare that the Convention cannot lawfully be annulled or its terms altered by the Iranian Government otherwise than by agreement with the Company or as provided in the Convention, and, lastly, to award satisfaction and indemnity for acts committed by the Iranian Government contrary to international law. The right of the Government of the United Kingdom for the protection of which the Court is now asked to indicate provisional measures is the right that its national, the Company, should be treated in accordance with international law and should have the full benefit of its rights under the Convention. The Government of the United Kingdom seeks, pending the decision of the merits of its Application, to secure that no action shall be taken by the Iranian Government capable of exercising a prejudicial effect in regard to the execution of a decision in favour of the United Kingdom. The present actions and threats of the Iranian Government are such that, if they continue, they may render it impossible or at the least very difficult to execute a judgment in favour of the United Kingdom.

It may be for the convenience of the Court if, at the outset, I give a short account of the facts which have led us to make the present request. As the Court will know, the Concession Convention of 1933 was concluded between the Iranian Government and the Anglo-Iranian Oil Company after negotiations carried out in Tehran. These negotiations were instituted following on the cancellation by the Iranian Government of a previous concession and the submission by the Government of the United Kingdom of the dispute arising therefrom to the Council of the League of Nations. The concession was operated for many years after 1933 and any differences which arose were settled by negotiation between the Iranian Government and the Company. In 1948 conversations took place with a view to concluding a supplemental agreement to take account of certain changes in the economic situation since 1933 and in July a supplemental agreement was signed under which the royalties and other sums payable to the Iranian Government were to be greatly increased. This agreement could not come into effect until it had been approved by the Iranian Parliament. No decision was taken on the agreement prior to the dissolution of Parliament in July 1949. A new Parliament was convened in February 1950 which in June 1950 referred the agreement to a parliamentary commission. In December 1950 the commission reported against the agreement and in January 1951 the Majlis confirmed the report of the commission. In March 1951 the chairman of the commission (who is now the Prime Minister of Iran) proposed that the oil industry throughout Iran should be nationalised. In March the Majlis instructed the commission to study the question of nationalisation and on 26th April the commission approved the text of a Bill giving immediate effect to the principle of nationalisation. The Bill was passed substantially in the terms proposed and became law on 1st May.

The events which followed up to 21st June, 1951, are set out in the Appendix to the request for the indication of provisional measures, which was presented on 22nd June, and I need not repeat them. Since that request was filed the course of events has been as follows. I give them chronologically. They all show the Iranian Government enforcing its oil nationalisation law, ousting the Company from control, requiring the Company's employees to become servants of the National Iranian Oil Company, the British personnel declining to be transferred in

this manner, oil production dropping and indeed the beginning of the consequences which were foreshadowed in the United Kingdom Government's request of 22nd June.

On 13th June the Company's General Manager was asked by the Temporary Board of Management of the National Iranian Oil Company for a Statement of Export Sales proceeds from 20th March, 1951, to 11th June, 1951, and to hand over to the Temporary Board 75 per cent. of all cash received from the Iranian undertaking after 11th June.

On 13th June the Temporary Board issued a press advertisement in the Tehran press calling on all persons importing Iranian oil to deal only with that Board henceforward.

On 19th June at a meeting with the Temporary Board, the Company were required to re-engage employees whom the Company had previously discharged for subversive activities.

On 20th June decrees were passed by the Persian Council of Ministers to the following effect:—

- (a) No operational instructions issued by the Anglo-Iranian Oil Company Management should be valid unless counter-signed by the Temporary Board.
- (b) Persian officials should take over the installations of the Kermanshah Petroleum Co., Ltd. (a subsidiary of Anglo-Iranian Oil Company) at Kermanshah and Naft-i-Shah in West Persia.
- (c) Persian officials were to assume the supervision of the Anglo-Iranian Oil Company's Tehran Office and its sales organisation in Persia.
- (d) The Anglo-Iranian Oil Company Information Departments in Persia should be closed.
- (e) The name of the National Iranian Oil Company should take the place of the name of the Anglo-Iranian Oil Company on all Company name boards in Iran.
- (f) All Anglo-Iranian Oil Company revenues received from internal sales in Iran should be deposited in Government accounts.

On 21st June a large crowd of persons forced their way into the Anglo-Iranian Oil Company's principal office at Tehran, destroyed a large electric sign on the premises bearing the Anglo-Iranian Oil Company's name; another crowd demolished the sign board of an Anglo-Iranian Oil Company's sub-office in Tehran, and other crowds in Tehran obliterated the Anglo-Iranian Oil Company's monogram sign on certain of its road oil tankers.

On the same day, Persian police forcibly closed the sub-office at Tehran rented by the Anglo-Iranian Oil Company for the use of its Information Department and stopped all postal mail to and from that sub-office.

On 21st June the Oil Company's name board was removed by the police from its General Office at Khorramshahr.

On the same day, the Company's General Manager (Mr. Drake) received letters addressed to him personally by the Temporary Board of the National Iranian Oil Company containing instructions which included the following:—

- (a) To refrain from granting leave to members of his staff.
- (b) To inform all concerned that orders issued by the Anglo-Iranian Oil Company were not valid without counter-signature by the National Iranian Oil Company Managing Board.
- (c) To dissolve the Anglo-Iranian Oil Company Information Department at Abadan.
- (d) To delete the name "Anglo-Iranian Oil Company" on all installations in South Iran.
- (e) To hand over the proceeds of all sales of oil in Iran to the local Government office representing the Persian Ministry of Finance.

On 21st June a Bill was presented to the Majlis with "double urgency" against persons engaging "treacherously or with ill-intent in activities in connection with the operation of the Persian National Oil Industry." The text of the Bill is as follows:—

"For a year from the date of approval of this law, any persons engaging treacherously or with ill intent in activities in connection with the operation

of the Persian National Oil Industry, resulting in cutting oil pipe-lines or rendering unserviceable refineries or facilities or transport of oil, or causing fire in oil wells or oil storage tanks or causing destruction of railway lines, railway tunnels, railway bridges or rolling-stock, shall be condemned to penalties ranging from temporary imprisonment with hard labour to execution. The same penalties will be applied to instigators and accomplices as to those actually committing the crime. These offences shall be dealt with by military courts."

It will be noted that the penalties under this Bill range from imprisonment with hard labour to the death penalty, and that offences under the law are to be dealt with by military courts. The fact that it is a "double urgency" Bill means that it may be debated and passed at one sitting of the Majlis. According to the latest reports it is likely that the Bill will be debated on Sunday, 1st July.

On the night of 21st-22nd June the Anglo-Iranian Oil Company printing works at Abadan were forcibly seized on behalf of the Persian Government delegation and the printers were compelled by threats to print certain forms of receipt which were then removed by persons acting on behalf of the Temporary Board. These receipts contained an acknowledgment that oil received on board tankers was received from the National Iranian Oil Company, the consignee being responsible for payment of the purchase price. The Persian authorities demanded receipts in this form from masters of oil tankers in port at Abadan for oil exports with the threat that if they did not sign these documents in respect of cargoes loaded by them, port clearance would be refused. The General Manager refused to comply but authorised the issue by ships' captains of token receipts indicating the amount of oil exported in each case. Subsequently, on the same or the following day, a compromise was reached between the General Manager and the Persian authorities whereby the receipts demanded by the latter would be endorsed in the following sense:—

"While I do not admit on behalf of my principals any implications in the above receipt that the National Iranian Oil Company has any title to the oil, nor do I admit any liability on the part of the consignees to make payment for a particular shipment, I certify that the above quantity has been shipped as stated."

On 23rd June the Persian authorities demanded an oil receipt in the following terms:—

"National Iranian Oil Company Receipt for Shipments of Oil

I, the undersigned, captain of s.s..... have received at Abadan, as per bill of lading No..... tons of oil for the account of..... and delivery to..... at destination port.....

Signed.....
Master."

In reply to this demand the General Manager of the Company was empowered to authorise signature of such receipts provided the following words were added: "I have signed this receipt without prejudice to the right of the Anglo-Iranian Oil Company." This endorsement was subsequently refused by the Persian authorities.

On the same day, 23rd June, a number of letters were addressed personally to the Anglo-Iranian Oil Company's General Manager, Mr. Drake, by the temporary board of directors of the National Iranian Oil Company. One of these letters claimed that Mr. Drake had not complied with a previous requirement, to which he had allegedly agreed to set up an office to deal with the export of oil products, including the collection of receipts from tankers carrying oil. This letter went on to call attention to the fact that, on 22nd June, tankers had either refused to give the required receipt or had wished to make certain reservations therein which, it was contended, rendered the receipt invalid; it was claimed that "this policy can mean nothing but ill-intentions and sabotage," and that if any delay occurred in export operations and if tankers refused to take delivery of oil, the General Manager would be held responsible. The allegation that the General Manager had agreed to set up such an office is, in point of fact, quite groundless.

The remaining letters addressed to Mr. Drake on 23rd June purported to give instructions:—

- (a) Nominating two Persians not in the Company's service to supervise the Anglo-Iranian Oil Company's Information Department (described as "The former propaganda Department") on behalf of the National Iranian Oil Company Managing Board.
- (b) Directing that certain rail tank-cars of the Persian State Railway normally used at the Anglo-Iranian Oil Company's discretion for the carriage of oils to Central Persia, should be filled immediately with oil products.
- (c) Directing application for oil cargoes to be made by all incoming tankers to the National Iranian Oil Company Board, and requiring an undertaking to sign without endorsement the National Iranian Oil Company form of receipt for oils exported.

On the same day, 23rd June, the Sales Manager at Tehran was instructed by the Persian Government to hand over to the National Iranian Oil Company all cash received from sales of oil in Persia and was later forced to comply with this demand.

On 24th June similar directions were given to the Distribution Managers at Ahwaz, Abadan and Masjid-i-Sulaiman.

On 25th June the General Manager, Mr. Drake, received a letter from the temporary board of management referring to an enquiry previously made whether he was willing to continue service under the supervision of the board, and warning him that if he did not reply by 8 a.m. on 28th June and also facilitate the activities of the temporary board, he would be regarded as having resigned and would be replaced by a nominee of the board.

On the same day, 25th June, a further letter was received addressed to the General Manager by the temporary board of management of the National Iranian Oil Company stating *inter alia* that no cheques might be issued by the Anglo-Iranian Oil Company unless counter-signed by accountants nominated by the temporary board.

On the same day, 25th June, Mr. Drake, the General Manager, had an interview with the temporary board, at which the board refused to withdraw their letter charging him with sabotage. In the circumstances, and in view of the terms of the Bill which I have read to the Court, the General Manager left the country.

Again on the same day, 25th June, a large number of British registered tankers were prevented from sailing from Abadan with cargoes of oil unless they signed receipts in a form which was unacceptable to the Anglo-Iranian Oil Company.

On 26th June, thirteen tankers loaded with oil cargoes had to be instructed to pump their cargoes ashore as otherwise the Iranian authorities announced their intention of detaining them.

On 26th June again the Customs authorities at Abadan refused to allow certain aviation spirit storage to be refilled and in consequence pumping of further supplies of this spirit to Basra in Iraq by the Anglo-Iranian Oil Company's pipeline had to be stopped.

On 26th June Persian soldiers were stationed on the jetty at Abadan, which is used for conveying from the Anglo-Iranian Oil Company's workshops on shore to ships in port machinery which has been undergoing necessary repairs, and also marine stores necessary for the working of the ships; these soldiers interfered with the handling of this material and with the movement of Anglo-Iranian Oil Company employees.

At 9.25 in the morning on 28th June five members of the temporary board entered the office of the Anglo-Iranian Oil Company's General Manager at Khorramshahr and informed his deputy that they were taking over the offices. The General Manager's deputy was accordingly obliged after protest to leave the offices in the hands of the Persian authorities; his staff were also in consequence obliged to leave the building, from which they normally discharge their duties.

Mr. President and Members of the Court, I have now set out the facts as they have unfolded themselves to date. I would now like to turn to the legal principles and address an argument to the Court on some principles of Jurisprudence which may seem to have a relevance in this connection.

The Government of the United Kingdom have been compelled to make this request for interim measures of protection at a stage at which the Court has not yet determined whether it has jurisdiction to entertain the application submitted on 26th May.

I will therefore, first address myself to the question whether the Court should indicate provisional measures without having previously determined that it has jurisdiction to try the case on the merits.

We have, Mr. President and Members of the Court, given careful consideration to this question. In our submission there is no doubt whatsoever that that question must be answered in the affirmative. It must be answered in the affirmative having regard to the previous jurisprudence of the Court in this matter; to the practice of other international tribunals; and to the unanimous view of writers who have investigated this question. There are, in addition, in my submission, the strongest practical reasons to support this view.

It will be convenient, Mr. President and Members of the Court, if, in the first instance, I recall the jurisprudence and the pronouncements of the Court on the subject. On 8th January, 1927, the President of the Court issued an Order for interim measures of protection in the case between Belgium and China arising out of the denunciation of the Treaty of 1865 between those two countries. At the time when the Order was made, China had not expressly accepted the jurisdiction of the Court. In making the Order, the President indicated: "*provisionally, pending the final decision of the Court in the case submitted by the Application of 25th November, 1926—by which decision the Court will either declare itself to have no jurisdiction or give judgment on the merits . . .*" the various measures of protection. In the second Order in the same case, the Court once more put on record the fact that the Order for interim measures of protection was made independently of the question whether the Court had jurisdiction to deal with the case on the merits. It recalled "that the present suit has been brought by unilateral application and that, as the time allowed for the filing of the Counter-Case has not expired, the Respondent has not had an opportunity of indicating whether he accepts the Court's jurisdiction in this case." That is at page 10 of the record.

Another case in which an Order relating to interim measures of protection was made before the Court accepted jurisdiction on the merits was that made on 11th May, 1933, in the case concerning the *Administration of the Prince von Fless* (Series A/B, No. 54, at page 153). The last recital preceding the operative part of the Order was as follows:—

"Whereas, furthermore the present Order, must in no way prejudice either the question of the Court's jurisdiction to adjudicate upon the German Government's Application instituting proceedings of 18th May, 1932, or that of the admissibility of that Application."

Professor Hudson instances the Order made in this case as substantiating the proposition that the Court's jurisdiction to indicate provisional measures is not dependent upon a previous determination as to its jurisdiction on the merits (*Permanent Court of International Justice*, 2nd edition 1943, p. 425, n. 12). The comment of the late M. Hammarskjöld, the Registrar and subsequently Judge of the Court, on the case—as an example of an Order of interim protection prior to determination of jurisdiction on the merits—is worthy of quotation.

After explaining that the particular Order made in that case could in the circumstances be regarded as the equivalent of an interim protection Order, he continued as follows: (I hope the Court will excuse my imperfect French accent; but I think it will be more convenient if I cite from the original text).

"L'exposé des motifs de l'ordonnance explique qu'en rendant celle-ci, 'la Cour entend ne préjuger en rien la question de sa propre compétence.' Elle a donc confirmé la doctrine selon laquelle elle peut, le cas échéant, indiquer des mesures conservatoires avant d'avoir constaté que le fond de l'affaire rentre dans sa juridiction . . ."

(*Zeitschrift für ausländisches öffentliches Recht und Völkerrecht*, V (1935), p. 19).

Finally, the concluding "recital" in the case concerning the *Polish Agrarian Reform and the German Minority* (Interim Measures of Protection, Series A/B, No. 58) indirectly shows that jurisdiction in the matter of interim measures is independent of assumption of jurisdiction on the merits. There the Court dismissed the request of the German Government for the indication of interim measures of protection for the reason that the request was too wide. Its decision, however, in that case was expressed to be "irrespective of the question whether it may be expedient for the Court in other cases to exercise its power to act *proprio motu*, and without in any way prejudging the question of its own jurisdiction to adjudicate upon the German Government's application instituting proceedings" (p. 179).

M. Hammarskjöld, in the article to which I have just referred, treated that Order as illustrating the principle that the indication of interim measures is independent of the question of jurisdiction. Professor Hudson expresses the same view in his treatise on the Court (op. cit. p. 425, n. 12), decided by the Mixed Arbitral Tribunals which illustrate the same principle of the independence of interim protection from any previous positive affirmation of jurisdiction. I will not give a detailed account of these cases, and, with your permission, Mr. President, I will confine myself to drawing your attention to the relevant passages in one of the most instructive cases in this group, namely, that of *Count Hadik-Baroczy v. Czech State*, decided on 31st January, 1928, by the Hungarian-Czechoslovak Mixed Arbitral Tribunal. This was an action for the restitution of land which had been expropriated by Czechoslovakia in pursuance of a scheme of agrarian reform. Pending a decision on the merits, the plaintiff asked the Court to issue an injunction restraining the defendant (1) from altering the legal condition of the property and in particular from alienating it; (2) from subjecting the property to measures of forced administration. On 17th October, 1927, the President of the Tribunal issued a provisional injunction, pending the formal hearing of both parties. At the hearing it was contended by Czechoslovakia that the grant of an injunction would prejudice the question of the jurisdiction of the Court. The Tribunal rejected that contention, and I will, if I may, cite from the Tribunal's statement of the principles applicable:—

" Il suffit que son incompétence ne soit pas manifeste, évidente. Il est clair que dans ce cas le Tribunal ne pourrait entrer en matière: . . . L'Etat défendeur prétend que cet article " (i.e., the relevant article of the Rules of Procedure of the Tribunal) " n'est point applicable en l'espèce; les demandeurs, au contraire, répondent qu'ils sont en bon droit pour l'invoquer. La question est ouverte, et le Tribunal peut aborder l'examen de la demande de mesures conservatoires, sans préjuger la question de compétence, en gardant au contraire toute sa liberté pour se prononcer sur ce point, lorsque l'instruction de la demande sera terminée et après clôture des débats. Il peut et doit réserver l'égalité des parties sur ce point. Or refuser de prendre des mesures conservatoires pour le seul motif qu'une demande exceptionnelle d'incompétence a été déposée, serait ouvrir une voie bien simple à toute partie qui voudrait éviter qu'il soit pris contre elle des mesures conservatoires, et ce serait rendre absolument illusoire la faculté assurée au Tribunal par l'article 33 de son Règlement. Il suffirait à la partie défenderesse, qui se sentirait gênée, d'introduire une exception d'incompétence pour empêcher ainsi le Tribunal d'assurer pendant la durée du procès la conservation de l'objet du litige ou d'une façon générale l'égalité des parties en cours du procès.

Ainsi le Tribunal peut et doit, dans l'espèce, s'abstenir avec soin, en vérifiant la légitimité d'une demande de mesures conservatoires, d'entrer dans l'examen des moyens invoqués par les parties pour ou contre sa compétence au fond." (Revue Générale de Droit International Public, Vol. 35, 1928, p. 65.)

I should perhaps point out to the Court that Article 33 to which reference is made in this passage conferred on the tribunal in one respect a somewhat wider jurisdiction with regard to interim orders than Article 41 of the Statute of this Court, in that it was competent for the tribunal under Article 33 to make such an order before filing the Application instituting proceedings. But I submit that this difference does not materially affect the statement of principle.

There are other cases decided by the Mixed Arbitral Tribunals which illustrate and affirm the same principle. These are, and I will just cite their names: *Ungarische Erdgas-Aktiengesellschaft v. Etat Roumain*, decided on 4th July, 1925, by the Roumanian-Hungarian Mixed Arbitral Tribunal; *Frédéric Henri v. Société Rheinische Stahlwerke*, decided on 30th October, 1920, by the Franco-German Mixed Arbitral Tribunal; *Diebold v. Société Österreichischer Verein et Etat Autrichien*, decided on 26th March, 1925, by the Franco-Austrian Mixed Arbitral Tribunal; *The Gramophone Co. Ltd. v. The Deutsche Gramophon Aktiengesellschaft and the Polyphonwerke Aktiengesellschaft*, decided on 17th January, 25th March and 29th March, 1922, by the Anglo-German Mixed Arbitral Tribunal; *Frauenverein Szanotuly v. Polish State*, decided on 4th March, 1925, by the Polish-German Mixed Arbitral Tribunal and *Tiedemann v. Etat Polonais*, decided on 21st May, 1923, by the Polish-German Mixed Arbitral Tribunal.

I will not, Mr. President, quote from the judgments in these cases, because it would take me too long to do so. Perhaps I might, however, venture particularly to draw the Court's attention to the case of *Frauenverein Szanotuly v. Polish State* in which the principle is clearly expressed.

The Court will find a statement of the effect of the decision of the Mixed Arbitral Tribunals in this matter in the following passage in Dr. Dumbauld's book on Interim Measures of Protection:—

" Another important principle emphasised in the jurisprudence of the Mixed Arbitral Tribunals is that in order to grant interim measures it is not necessary to decide whether the tribunal has jurisdiction in the main proceedings on its merits, but it suffices that *prima facie* there is a possibility of a decision in favour of the plaintiff and the tribunal's lack of jurisdiction is not manifest." (*Interim Measures of Protection* (1932), p. 144.)

In the same work, Dr. Dumbauld states the principle as being of general application. He says:—

" 5. Equally fundamental is the rule that the principal proceedings (Hauptsache) is no wise affected by interim measures. The action in chief and the action with a view to security are altogether independent of each other. In rendering its final judgment the Court is not bound by its interlocutory decisions, and may disregard it entirely.

6. Consequently jurisdiction to grant protection *pendente lite* is not dependent upon jurisdiction in the principal action. From this it follows that interim measures may be granted before a plea to the jurisdiction is disposed of; and that one court may provide a remedy *pendente lite* in aid of an action of which another court has cognizance" (at p. 186).

The author of another book on the same subject, published in 1932, expresses the same view even more clearly. I refer to the monograph, in German, of Dr. Niemeyer, entitled "Provisional Orders of the World Court. Their Object and Limits." He rejects emphatically the view that a decision on jurisdiction is necessary before the Court can make an order for interim protection. He says:—

" This would necessitate an exhaustive examination of the case; it would make necessary an examination of the evidence. In brief, the exact situation would arise which must be avoided: a protracted argument which would waste time, which would deprive the provisional measures both of their true character and of their urgency, and which would prejudice the eventual outcome of the final decision which is in no way connected with the object of provisional measures. A provisional order given in that way would achieve only a negligible degree of its intended effectiveness. It is, therefore, clear that, for reasons of practical convenience, there is no room for an examination of the question of jurisdiction on the merits in connection with a request for interim protection" (p. 70).

In the latest edition, published in 1943, of his treatise on the Permanent Court of International Justice, Professor Hudson summarises the legal position as follows:—

" Nor is jurisdiction to indicate provisional measures dependent upon a previous determination of the Court's jurisdiction to deal with the case on the merits" (at p. 425).

I may add, Mr. President and Members of the Court, that there is, so far as I am aware, no writer who has on this question expressed a view differing from that which I am now submitting to the Court.

Quite apart from the opinions expressed by writers on the subject, there are, I submit, Mr. President, the strongest practical reasons to support the view which I have presented to the Court. To concede to a party the right to ask, before any interim order can be made, for a decision on the question of jurisdiction—a matter which, as the experience of the Court has shown, may necessitate weeks, if not months, of oral and written pleadings—would altogether frustrate the object of the request for interim measures of protection. Undoubtedly, it is conceivable that a party may abuse the right to ask for interim measures by asking for them in a case in which it is apparent that the Court has not jurisdiction on the merits.

If that were to happen, the Court would find means to discourage any such abuse of its process. It may wish to satisfy itself that there is a *prima facie* case for the exercise of its jurisdiction. There is no such difficulty in the present case. Both parties have accepted the obligations of the Optional Clause of Article 36 of the Statute of the Court. In these circumstances, I submit that there can be no doubt that there is, at the very least, a *prima facie* case that the Court has jurisdiction. The principle that the decreeing of interim relief is not dependent on a decision as to jurisdiction is recognised in the municipal law of many countries. As such, it may be regarded in the language of Article 38 of the Statute of the Court as a general principle of law recognised by civilised States, and Dr. Dumbauld, to whose monograph I have already referred, lists writers who show the extent to which this principle has become embodied in the laws of various countries (op cit., p. 186, Note 5). May I sum up my argument on this aspect of the case by submitting that my contention is amply supported by the practice of the Court and other international tribunals; by opinions of publicists; and by considerations of convenience and of common sense, and of the general principles of law which the Statute prescribes as one of the sources of law to be applied by the Court.

Mr. President, Members of the Court, having referred to the question of jurisdiction, I propose now to discuss the effect of the decision of the Permanent Court of International Justice as showing the general principles governing the indication of interim measures of protection. In discussing these decisions, I would remind the Court that a certain caution is necessary because the Rules of the Permanent Court of International Justice were altered from time to time and only in one case, namely, the case of the *Electricity Company of Sofia and Bulgaria (Interim Measures of Protection)* Series A/B, No. 79, decided in 1939, did the Permanent Court of International Justice render a decision on the basis of Rules similar to Article 61 of the Rules of the International Court of Justice. In particular, I would point out that before 1931 it was possible for an Order for interim measures of protection to be made without the parties being heard and even by the President himself if the Court was not sitting. Since 1931 it has been necessary for the parties at least to be given an opportunity to be heard and the power of the President to make Orders for interim measures of protection himself has been removed, although the President has still been left with the power to "take such measures as may appear to him necessary in order to enable the Court to give an effective decision" (Article 61 (3) of the Rules of the Court). These changes are not without importance. The result of restricting the power to order interim measures to the full Court and of requiring the parties at least to be given an opportunity to be heard has been, I submit, to place the jurisdiction of the Court with regard to matters of interim measures, on a wider basis.

The first request to the Permanent Court of International Justice asking for interim measures of protection came from Belgium in 1926. On 25th November of that year Belgium filed an Application instituting proceedings against China in the case of the *Denunciation of the Treaty of 2nd November, 1865, between Belgium and China*, (Series A, No. 8) and included in her Application a request that the Court should "indicate, pending judgment, any provisional measures to be taken for the preservation of rights which may subsequently be recognised as belonging to Belgium or her nationals" (page 5). On 8th January, 1927, the President made an Order protecting the rights of Belgium in regard to three matters, namely, treatment of nationals, protection against sequestration of property and shipping, and judicial safeguards. The President stated that "the object of the measures of interim protection contemplated by the Statute of the Court is to preserve the respective rights of the Parties, pending the decision of the Court" (page 6). In his view the rights in question were "those reserved to Belgium and to Belgian nationals in China, by the Treaty of 2nd November, 1865, in addition to those resulting from non-treaty law" (pp. 7-8) and these rights might be prejudiced by certain actions on the part of the Chinese Government.

The ground on which the President in this case based the finding that the rights of Belgium and Belgian nationals were prejudiced was that, in the event of an infraction of these rights, "such infraction could not be made good simply by the payment of an indemnity or by compensation or restitution in some other material form." In principle it is arguable that if rights are infringed in such a manner that the infraction can be made good by indemnity or by compensation or restitution in some other material form, when the Court has rendered its decision, then there is no need for relief *pendente lite*. On the other hand, to take this view is to take an extremely limited view of the institution of Interim Protection in international law.

I would submit that President Huber himself did not act on this view when he made the Order in the Sino-Belgian case, an Order in which he indicated protection against sequestration or seizure of property and shipping—injuries which of their very nature can be "made good simply by the payment of an indemnity or by compensation or by restitution in some other material form." Moreover, this view may have been proper at a time when, as was the case before 1931, the Court, and even the President alone, had the power to indicate interim measures without the parties being heard, but it is no longer proper now that interim measures may be indicated only by the full Court and only after both parties have been given an opportunity to be heard. Indeed, the Permanent Court of International Justice itself, in the case of the *Electricity Company of Sofia and Bulgaria* (Series A/B, No. 79) to which I shall refer later, has taken the view that it is in no way bound by such a restrictive interpretation of its powers under the Statute.

THE PRESIDENT: [Interpretation] It may be advisable to interrupt the proceedings at this stage. The Court will meet again this afternoon at half-past three.

[The Court adjourned at 1 p.m.]

THE PRESIDENT: The sitting is resumed. I call upon Sir Frank Soskice to continue his statement.

SIR FRANK SOSKICE: Mr. President and Members of the Court. When the Court rose this morning I was citing authority upon the principles on which the Court exercises its jurisdiction with regard to the grant of interim relief.

The second case involving the question of Interim measures of protection which came before the Permanent Court of International Justice was the case concerning the *Factory at Chorzow (Indemnities)* Series A, No. 12. On 8th February, 1927, Germany submitted an Application instituting proceedings concerning reparation which, she claimed, was due from Poland by reason of the attitude adopted by the Polish Government towards the Oberschlesische and Bayerische companies at the time it took possession of the nitrate factory at Chorzow, which attitude the Court had already, in its Judgment No. 7 dated 25th May, 1926 (Series A, No. 7) declared to have been contrary to the Geneva Convention of 1922. In its Judgment No. 8 dated 26th July, 1927 (Series A, No. 9), the Court decided that it had jurisdiction in the case and laid down the well-known rule that "it is a principle of international law that the breach of an engagement involves an obligation to make reparation in an adequate form. Reparation therefore is the indispensable complement of a failure to apply a convention and there is no necessity for this to be stated in the convention itself" (page 21).

On 14th October, 1927, the German Agent submitted a request for an interim measure of protection claiming that the principle of compensation had already been recognised and that only the maximum sum to be paid by Poland was still in doubt. The German Agent further argued that "unless payment be immediate the amount of the damage and of the compensation would considerably increase, and seeing that the prejudice caused by a further delay would actually be irreparable, the German Government consider that an interim measure of protection whereby the Court would indicate to the respondent Government the sum to be paid immediately, as a provisional measure and pending final judgment, is essential for the protection of the rights of the parties, whilst the affair is *sub judice*." That is a quotation from page 6.

The German claim failed, and it is important to see why it failed. It failed because, as the Court pointed out (page 10), "The request of the German Government cannot be regarded as relating to the indication of measures of interim protection, but as designed to obtain an interim judgment in favour of a part of the relief formulated in the Application." Now, in some municipal systems of law (such as those of France, the Netherlands, Italy, Spain and the Latin American countries), the plaintiff in a case has the right to go before a Court and ask for an interim judgment in favour of his claim. Further, under these municipal systems of law, the possibility of obtaining an interim judgment of this sort is almost the only form of relief *pendente lite* which is open to the plaintiff. This, however, as was recognised by the Permanent Court of International Justice in the case concerning the *Factory at Chorzow (Indemnities)* Series A, No. 12, was not the system prescribed by the Statute of that Court, as the Statute of that Court, like the Statute

of the present Court, spoke of "provisional measures which ought to be taken to preserve the respective rights of either party." This phrase, as interpreted by the Court in the case of the *Electricity Company of Sofia and Bulgaria* (Series A/B, No. 79) means that, pending the decision of the Court on the merits of the case, the parties must "abstain from any measure capable of exercising a prejudicial effect in regard to the decision to be given." The United Kingdom Government wish to make it absolutely clear that they are not asking the Court to deliver an interim judgment in favour of any part of the claims formulated in their Application; they are merely asking the Court to indicate measures so that the respective rights of either party be preserved and that the dispute be not aggravated or extended.

In 1932 the well-known case concerning the *Legal Status of the South-Eastern Territory of Greenland* (Series A/B, No. 48) came before the Court. I do not propose to deal with this case because the circumstances of this case were so very different from the circumstances of the present case. An interim order was refused in that case, but there were many reasons for such refusal which are not present in the case which the Court is now considering. Among other reasons I may refer to the view expressed by the Court that in the case of a claim to sovereignty over a large and sparsely inhabited area the acts complained of could not possibly prejudice the rights asserted by the parties.

The next case concerning interim measures of protection is the case concerning the *Administration of the Prince von Pless (Interim Measures of Protection)*, (Series A/B, No. 54). This case, however, is not precisely in point on this aspect of my argument because in the event it was not necessary for the Court to make an interim order. I will therefore not deal further with the circumstances of this case.

I come now, Mr. President, to the case concerning the *Polish Agrarian Reform and the German Minority* (Series A/B, No. 58). In this case Germany filed an Application on 1st July, 1933, instituting proceedings against Poland concerning the application of the Polish agrarian reform to the German minority in the voivodeships of Posenania and Pomerania. In its Application the German Government requested the Court "to declare that violations of the Treaty of 28th June, 1919 (the Minorities Treaty) have been committed to the detriment of Polish nationals of German race and to order reparation to be made. On the same day Germany filed a request for interim measures of protection. The matter came before the Court on 19th July, 1933, and on 29th July, 1933, the Court issued an Order denying relief. The reason given was that "the essential condition which must necessarily be fulfilled in order to justify a request for interim measures, should circumstances require them, is that such measures should have the effect of protecting the rights forming the subject matter of the dispute submitted to the Court" (page 177). The German Application, however, as interpreted by the Court—(Judge Anzilotti interpreted it differently and that is why he dissented)—asked the Court to find that certain past acts of discrimination against the Polish nationals of German race in the voivodeships of Posenania and Pomerania amounted to a violation of the Minorities Treaty and to order reparation to be made, whereas, in her request to the Court for the indication of interim measures, Germany was seeking to prevent *all future cases* of the application of the Polish agrarian reform law to the Polish nationals of German race and to secure an immediate indication to the effect that henceforth, and until judgment was pronounced, the said Polish law should not be applied in respect of the said nationals. The Court, therefore, came to the conclusion that "the interim measures asked for would result in a general suspension of the agrarian reform in so far as concerns Polish nationals of German race and cannot therefore be regarded as solely designed to protect the subject of the dispute and the actual object of the principal claim, as submitted to the Court by the Application instituting proceedings," (page 178), that is to say, the Application covered past acts only and the request for interim measures covered all future cases as well. From this it followed that the request for interim measures did not confine itself to the protection of the rights asserted in the Application, but travelled wholly beyond it.

Judge Anzilotti, one of the four judges who gave Dissenting Opinions in that case, confessed that, although he agreed with the Court's conclusions, he was unable to subscribe to the reasons on which the Order was based. "If ever there was a case," he said, "in which the Application of Article 41 of the Statute would be in every way appropriate, it would certainly be so in the case before us. The German Government alleges that certain acts of expropriation, which have been or are being carried out, involve discriminatory treatment of Polish citizens of German race, as compared with Polish citizens of Polish race and, hence, that on this ground these acts are contrary to the Treaty of 28th June, 1919: founding itself on this

reason, it asks that the expropriations now in progress should be suspended, as an interim measure of protection, until the Court has finally decided whether the said expropriations are legal or illegal. If the *summaria cognita*, which is characteristic of a procedure of this kind, enabled us to take into account the *possibility* of the right claimed by the German Government, and the *possibility* of the danger to which that right was exposed, I should find it difficult to imagine any request for the indication of interim measures more just, more opportune or more appropriate than the one which we are considering" (page 181).

Pausing for a moment, Mr. President, at this point of Judge Anzilotti's Dissenting Opinion, I submit that the nexus in the case now before the Court between the *possible* danger to the *possible* right of the United Kingdom is far closer than it was in the case which the learned Judge was considering, and that the request which the United Kingdom Government are now making is even "more just, more opportune and more appropriate" to use the learned Judge's words, than was Germany's request in the case of the *Polish Agrarian Reform*.

If Germany's request was dismissed in that case, it is essential, as in all such cases, to understand the precise reason for the Court's decision. The majority of the Court took the view, as we have seen, that the German application aimed at obtaining "a declaration confirming that, as alleged by it, infractions *have been* committed in *certain individual cases* where the measures in question *have already been* applied, and, if necessary, reparation in respect of such infractions," whereas the request for interim measures covered "*all future cases* of the application of the Polish agrarian reform law to the Polish nationals of German race . . ." (p. 178). Therefore, in the majority view, the request for interim measures was not sufficiently related to the case before the Court. Judge Anzilotti admitted that, if such an interpretation of the Application was correct, "it is manifest that the interim measures applied for would go far beyond the limits of the right that is in dispute" (pp. 181-182). He denied, however, that this interpretation of the application was correct. He thought that Germany was really intending "to obtain from the Court a declaratory judgment, to the effect that the *Polish Government's conduct* in the application of the agrarian reform law was not consistent with its obligations under the Treaty of 28th June, 1919" (p. 182). In other words, the issue was not "this or that violation of the Treaty" but "the whole body of acts by which the Polish authorities have applied the agrarian reform law" (p. 182). "If such was the object of the claim in the German Government's Application, it is quite comprehensible that it should have asked—as an interim measure of protection—that the application of the agrarian reform to Polish citizens of German race, in general, should be suspended" (p. 182). Judge Anzilotti finished by saying that, although that was what he thought the Application meant to say, nevertheless that document was not sufficiently clear. The request for interim measures, therefore, should fail, but this "should not prejudice the German Government's right to submit a fresh application indicating the subject of the suit with the necessary clearness and precision, and to follow it up by a fresh request for the indication of interim measures appropriate to the rights claimed" (p. 182). This no doubt because, in Judge Anzilotti's view, to use his words, "I should find it difficult to imagine any request for the indication of interim measures more just, more opportune or more appropriate than the one we are considering" namely the expropriation by Poland of estates belonging to Polish nationals of German race.

In any event what the case of the *Polish Agrarian Reform* illustrates is not that a request for interim measures of protection is inappropriate in the case of an expropriation law passed by a sovereign State—indeed the contrary is true—but that, when the request for interim measures comes from the party which filed the Application instituting proceedings, the request for interim measures must not cover wider ground than the principal action does. It must only ask for protection of rights actually asserted in the case which has been put before the Court in the Application. The request of the United Kingdom in this case does not ask for the protection of any rights which are not asserted in the Application. Thus, in its Application, the Government of the United Kingdom asks the Court, *inter alia*:

- (a) To declare that the Imperial Government of Iran are under a duty to submit the dispute between themselves and the Anglo-Iranian Oil Company to arbitration under the provisions of Article 22 of the Convention concluded on 29th April, 1933, between the Imperial Government of Persia and the Anglo-Persian Oil Company, and to accept and carry out any award issued as a result of such arbitration.

(b) Alternatively,

(i) To declare that Article 22 of the aforesaid Convention continues to be legally binding on the Imperial Government of Iran and that, by denying to the Anglo-Iranian Oil Company, Limited, the exclusive legal remedy provided in Article 22 of the aforesaid Convention, the Imperial Government have committed a denial of justice contrary to international law;

(ii) To declare that the aforesaid Convention cannot lawfully be annulled, or its terms altered, by the Imperial Government of Iran, otherwise than as the result of agreement with the Anglo-Iranian Oil Company, or under the conditions provided in Article 26 of the Convention.

The measures which, in paragraph 10, sub-paragraphs (a) to (f) of its request the Government of the United Kingdom asks the Court to indicate are precisely measures for the protection of the rights thus asserted in the Application.

The last case, Mr. President and Members of the Court, concerned with interim measures of protection, to come before the Permanent Court of International Justice was the case of the *Electricity Company of Sofia and Bulgaria* (Series A/B No. 79). On 26th January, 1938, Belgium filed an Application instituting proceedings against Bulgaria with regard to a controversy over rates between the *Electricity Company of Sofia and Bulgaria* (a Belgian national) on the one hand and the Municipality of Sofia on the other hand. On 4th July, 1938, Belgium filed a request for interim measures praying that, as the Municipality of Sofia had indicated that, in default of early payment of a sum alleged to be due from the company, it was about to take legal proceedings to collect that money, the compulsory collection by the Municipality of Sofia of the said sum must be postponed pending the delivery of judgment on the merits of the case by the Permanent Court of International Justice. This request was withdrawn on 26th August, 1938, because on 27th July, 1938, the Bulgarian Agent informed the Court that the Bulgarian judicial decisions, of which the Municipality of Sofia was claiming the execution, were of a purely declaratory nature and could not lead to the application of any measure of compulsion against the Company.

On 1st August, 1939, however, the Municipality of Sofia commenced a petitory action against the Company based on the previous decisions of the Bulgarian courts. This led the Belgian Agent, on 17th October, 1939, to make a new request for interim measures on the ground that "the measures of execution with which the Belgian Company is threatened are such as would not only seriously prejudice the Company's position but also impede the restoration of its rights by the Municipality, if the Court were to uphold the Belgian Government's claim" (p. 196).

Meeting under conditions of considerable difficulty, owing to the outbreak of the Second World War, and despite the absence of the Bulgarian Agent, the Court, on 5th December, 1939, made an Order in the following terms:—

"The Court,

indicates as an interim measure, that pending the final judgment of the Court in the suit submitted by the Belgian Application on 26th January, 1938, the State of Bulgaria should ensure that no step of any kind is taken capable of prejudicing the rights claimed by the Belgian Government or of aggravating or extending the dispute submitted to the Court" (p. 199).

I submit that this is the most complete statement of the principles on which the Court should act in granting interim relief. I submit further that the principles so enunciated precisely cover the circumstances which the Court is now considering. If the Iranian Government persist in the course of conduct which I have above outlined the result will be undoubtedly to prejudice gravely the rights which the United Kingdom is asserting and upon which the Court will in due course be asked to pronounce. Furthermore, the conduct of the Iranian Government is such as to be calculated both to aggravate and to extend the scope of the dispute. In this connection I would like in particular to refer the Court to those passages in the Appendix to the request in which an account is given of the continuous hostile propaganda which is directed against the Company and British personnel in Iran. But, Mr. President and Members of the Court, I would go a great deal further than that. I would submit that if the statement contained in the case of the *Denunciation of the Treaty of 2nd November, 1865, between Belgium and China* (Series A,

No. 8) to which I have previously referred, namely that the Court should not decree interim relief when damages will suffice, is the correct view in the present case the result of the conduct complained of will be to inflict irretrievable damage to the prejudice of the United Kingdom's rights which cannot possibly be compensated by any money payment, or by any money payment which it would be within the capacity of the Iranian Government to pay.

I will now address myself to this question. What I have now to say is in amplification of paragraph 8 of the request for interim measures, and for the convenience of the Court I will deal with these matters in the sequence in which they appear in that paragraph.

(a) Loss of Skilled Personnel

Much progress has been made in the training of Persian engineers, engineering tradesmen and operators, but, in order to build up production and refining to its present level, the installation of a huge volume of complicated engineering and chemical plant has been necessary. Machinery includes turbines as large as 100,000 h.p. each. The operation and maintenance of this equipment calls for large numbers of highly experienced men who have been recruited in Persia, the United Kingdom and other countries during the last 20 or 30 years and have gradually acquired the experience necessary for their individual posts. They form a most highly specialised team of experts, each with knowledge of his own plant and, even more important, with knowledge of and a confidence in the capabilities of his various colleagues. Were this team to be broken up by the withdrawal of one section, the whole operation must either come to a standstill in a very short period of time or continue to operate, but in an undermanned condition, which would lead to serious accidents and irreparable damage to machinery and plant such as boilers, furnaces, acid plants and so on.

Even an organised team of foreign technicians supplied, for example, by a major United States company, would have difficulty and take considerable time in restoring operations to their usual level; they would need to be at least as numerous as the existing foreign staff, and it is unlikely that such a team could be provided. Independently recruited foreign operators (American, German, Roumanian, Polish, &c.) would not be effective until a strong enough technical management had been formed, which might be difficult for an entirely non-technical administration to arrange.

Furthermore, foreign operators of standing would require a guarantee of continuity of employment, which the Persians could not give convincingly while in breach of their main agreement.

Operating Conditions Peculiar to Iran

First, owing to the refinery and the fields in Iran being under the same ownership and control, special methods and machinery have been worked out and installed for the purpose of dealing with the vapours associated with the crude oil both in the fields and in the refineries. In oil-field operations elsewhere it is usual to extract these products and collect them for separate sale or blending, but in Iran it is found to be more economical to retain these valuable products in the crude oil by means of special stabilisation plants so that they do not appear separately but are passed forward to the refinery to form an essential constituent of the aviation and motor spirit manufactured there. While this process does not cause any particular difficulty, it involves operating the main pipe-line system with crude oil containing relatively large quantities of gas which vapourise easily, with the result that any leaks or breaks occurring in the system result in extensive escapes of highly inflammable and poisonous gas and special precautions must be taken to see that dangerous pipe-lines are not laid through populated areas. Any deficiencies in operation are specially dangerous on this account. The gas from most of the fields being operated is poisonous, so that it is not only the danger of fire which exists.

The operation of this elaborate stabilisation equipment is required for the retention of these gases in the crude oil. There are not nearly enough skilled and experienced Persians to safeguard against serious accidents in dangerous operations such as these. The sort of accident which might be expected to happen at the oil-fields is that failure of an automatic controller at the time when separation takes place, would lead to oil passing into the pipe-lines which are intended to carry gas only. This oil would find its way into the gas-driven turbines as a liquid, with the result that the turbine blades would be stripped and the pumps put

permanently out of operation. The gas, before entering the turbine, enters a gas-fired heater which, unless properly maintained, is liable to develop leaks which would rapidly lead to a major outbreak of fire.

Second, the majority of the world's oil is produced from sandstone reservoirs in which the oil is contained under conditions differing radically from those obtaining in the limestone reservoirs in the Persian oilfields. As a result, when the first limestone reservoir in Persia at Masjid-i-Sulaiman was being developed between 1910 and 1925, a new technique of oil production had to be worked out. The problem was studied on a scientific basis in the years immediately following the 1914-18 war, and by means of special measurements and observations and by adopting a system of production then new to the oil industry, the significant characteristics of the limestone reservoirs, which have subsequently been found to persist throughout the oil belt in the Middle East (but for the recently discovered exceptions at Kuwait and Basrah), were established. These characteristics led to methods of production quite different from those existing elsewhere, and it is only by a correct understanding of them that the control of the reservoirs to give maximum recovery can be properly maintained. The Petroleum Engineers recruited from the science schools of European Universities who originally solved these problems from first principles are still in the Management of the Company (either in Iran or London), and it is due to their unique knowledge and experience that the fields are controlled in a manner ensuring the highest recovery of crude oil, free of water, from the various reservoirs.

Fire and Other Hazards

In the oilfields, a well out of control or a burst pipeline can flood residential areas with either burning crude or poisonous gas. If the well were a large high-pressure one (and in this connection the Iranian oil-wells are the largest in the world and will not "sand up" as do wells in many other fields after flowing wild for a few weeks), it is doubtful if control could be regained at all; it would certainly call for the employment of foreign specialists. The loss of oil would, in any case, be enormous and the field might be depleted completely of recoverable oil.

A major fire in the Abadan refinery would be most serious because it is the biggest single refinery in the world. The lack of skilled supervision must sooner or later lead to accidents of such magnitude as to result in the whole production and refining systems being put out of action. The material crude oil and its products are mostly highly inflammable and poisonous; in fact, the operations of many processes in Abadan are regarded to be of the same degree of danger—or even more—than processes in an explosives factory. Freedom from accidents has tended to obscure this fact, but the danger nevertheless is ever present, and a very few mistakes can lead to calamities of a major nature.

A great volume of water continually flows through the Abadan refinery and out into the river where the tankers load. An uncontrolled outbreak of fire would release large quantities of highly volatile petroleum products into this water stream, with the probable result of setting fire to the river and the shipping in the port. In fact, shipowners, with this possibility in mind, would in all probability refuse to send their tankers into the port if the refinery and loading were in the control of Iranian operators. Loading alone calls for careful attention to detail and discipline not to be expected from Iranians with a lapse of a prolonged period. The Abadan bazaar stretches along a portion of the water front, with a creek fed from the river surrounding it, so that the danger of a large loss of life is not confined to those working in the refinery.

Finally, in considering the scope of fires and explosions which can occur along the lines indicated above, there is a very important point to be borne in mind. Generally speaking, a fire on a piece of equipment or a tank is limited to that piece of equipment by someone in authority giving instructions or acting himself to turn off the particular valves or stop the particular pumps which control the supply of oil to the scene of the fire. This calls for a detailed knowledge of the equipment right through the refinery and an immediate decision being taken. If such prompt steps are not taken, fire can spread right across the refinery.

Consequences of Disrupting an Integrated Enterprise

Marketing Organisation

The Anglo-Iranian Oil Company has built up a vast marketing organisation and through its owned and associated Marketing Companies distributes its products

over a wide range of markets in Europe, Africa, Asia and Australasia. In addition, it operates an international service for bunkering throughout the Eastern Hemisphere merchant vessels of all nationalities which it supplies from over a hundred ports. It provides at major airports a refuelling service for international air lines.

Without this world-wide marketing organisation the continued production and refining of oil in Iran would be valueless.

Danger in Shutting Down and Resuming Oil Operations

The work of the British staff is largely associated with starting up and shutting down and, if this operation is conducted by inexperienced people, it is fraught with great danger. In this respect it is important to note that the Abadan equipment is much larger than similar equipment elsewhere, so that even the engagement of skilled staff but lacking in experience of Abadan would not remedy the absence of the experienced British staff.

Apart from the actual danger, considerable hardship will be caused to the Persian population. The oilfields have become, over the years, large centres of population in areas which would otherwise be completely uninhabited owing to their desert nature. These populations are, of course, dependent for their livelihood on company employment, but they are also dependent for their living conditions on the operation of public utilities, some of which form part of the oil production system and all of which are in one way or another dependent on it. Therefore, an interruption in oil production would very soon result in failure of these utilities which would cause, at the least, very great distress and hardship to the fields' populations. The oilfields are very fully electrified and gas is used everywhere for domestic and industrial purposes. Failure in the supply of gas or oil would soon result not only in a shortage of domestic fuel for cooking, heating, incinerators, &c., but also in stoppage of the electric generating plant. This in turn would cut off the fresh water supplies which, in many cases, are brought by pipe from a great distance. There is no need to enlarge upon the disasters which would result from interruptions to the water supplies in the climatic conditions obtaining in the oilfields. All ice making, refrigeration for food preservation and air cooling would also stop. The populations concerned are very large; for instance, the Masjid-i-Sulaiman area contains at least 40,000 people.

Loss of Markets and Goodwill: Absence of Necessary Sales Organisation

Oil products can reach the consumer only through the medium of the local distribution service which supplies him. The exporter of oil products is thus dependent for his outlet on their being in the markets a distribution service which will handle his oil. The Anglo-Iranian Oil Company has accordingly built up a distribution service through its own and associated marketing companies operating over the Eastern Hemisphere so as to provide a secure outlet for its production. There is not available to the National Iranian Oil Company any comparable distribution network such as has been created over a long period by the Anglo-Iranian Oil Company to provide outlets for Iran's oil.

The Anglo-Iranian Oil Company is operating in the markets in competition with other distributors, themselves backed by resources of other producers. Continuity of supply is a vital factor in the retention of business and the threat to the continuity of their supplies from the Anglo-Iranian Oil Company will influence consumers to place their business with other distributors. This factor is of importance, not only in relation to inland consumers but also in relation to the very large international bunkering business done by the Anglo-Iranian Oil Company; shipowners are particularly concerned to have the assurance of availability of supplies at the various ports at which they call. The threat to the continuity of supplies is thus severely detrimental to the maintenance of the Anglo-Iranian Oil Company's business and seriously damaging to its goodwill in the markets.

If the Court should desire it, we can file affidavit evidence in support of the facts contained in the Appendix to the request and the further facts which I have described to the Court to-day. We could, for instance, obtain the evidence of Mr. Drake, the Company's General Manager. Further, we can file affidavits by the company's experts in support of all that is said in paragraph 8 of the request and in the portion of my address this afternoon dealing with the same matters.

Perhaps we may assume, however, that the Court does not require this sworn evidence unless I am informed to the contrary.

Extent of the Company's Undertakings

Much of the greatest part of the company's business lies in the production of crude oil in Iran, the refining of this oil in Iran into marketable products (out of 32 million tons, 24 million is refined in the Abadan Refinery) and the shipping of the products, and the portion of the crude oil which is not refined, to its marketing organisations in various parts of the world.

The size of the undertaking is immense. An enormous expenditure of wealth and labour has gone to create the ports, refineries, wells, roads, accommodation and plant. Since the start of production in 1912, 310 million tons of oil have been produced and 32 million tons were produced in 1950. Exploratory work has during forty years resulted in the development of six producing fields and twice this number of areas have been tested with negative results. As a result of the company's long experience of Persian producing conditions, it has been possible to develop and produce from the fields at a very high rate; one field is now being developed to be capable of producing at the rate of 28 million tons per annum or 5½ per cent. of the 1950 world total oil production.

To give this production, 453 wells have been drilled requiring 285 miles of drilling.

The oil piped to the refinery at Abadan, 150 miles away, 2,177 miles of large-diameter steel pipe having been laid across the desert wastes. Four pumping stations have been constructed, and in all 1,600 miles of motor road have been built.

The refinery at Abadan, the largest in the world, covers an area of 500 acres for the refining plant alone, but several square miles are covered by the accompanying tank farms, housing areas, townships and tanker loading wharfs.

Three major ports have been constructed with a total of twenty berths to take tankers up to a 30,000-ton dead weight. The combined ports of Abadan and Khosrowabad handle 25 million tons per annum alone. One of the biggest ports in Europe, Rotterdam, handles 16 million tons per annum. Abadan lies 40 miles from the river mouth and extensive dredging and river conservancy work has been needed.

All the activities described above have been carried out in districts practically devoid of inhabitants and possessing none of the resources needed to support an industrial population. Therefore, in addition to the facilities upon which the production, refining and transport of oil depend, all living facilities have also had to be provided.

The numbers employed at the beginning of 1951 amounted to 75,000, and it had been necessary to provide, in addition to houses in the settled areas, water supplies, power supplies, shops, restaurants, food supplies to a great extent, passenger transport (2,500 road vehicles are operated), laundries, dairy farms and medical and public services and innumerable amenities.

Mr. President, and members of the Court, I wish now to make a few remarks on the actual interim measures of protection which the Government of the United Kingdom has requested that the Court should indicate. They are to be found in paragraph 10 of our request filed on 22nd June. They are there set out and drafted, I hope, in precise legal language. I do not propose to read them out in making this address. In a word, all the submissions which we have made to the Court in sub-paragraphs (a) to (f) of paragraph 10—that is to say, all except the last one—proceed on the footing that the great enterprise of the Anglo-Iranian Oil Company can only be saved from irreparable damage before the Court gives its decision on the merits if, while the proceedings are still in course, the company is allowed to carry on the enterprise in broadly the same manner as it is entitled to do under the Concession Convention of 1933 and without greater interference from the authorities of the Imperial Iranian Government than the control which those authorities are entitled to exercise under the terms of the Convention of 1933. It is for that reason that we ask that the Court should indicate that the Iranian Government should permit the company to extract petroleum, transport it, refine it, treat it, sell it and export it; that it should be left in possession of all the property which it undoubtedly owned before the Oil Nationalisation Law was passed; and that the Iranian Authorities should not seize or attempt to seize any of the monies which the company receives as a result of its operations. For the reasons which have been given, both in paragraph 8 of the request and developed earlier in my

address, I hope that the Court will agree that it is necessary that the company should in this interim period be allowed to continue its operations in virtually the same freedom as before, if a judgment on the merits upholding the claims which the United Kingdom has made in its application of 26th May is to be capable of execution and the great enterprise of the company is not to be irretrievably damaged before the Court can deliver judgment on the merits at all. Of course, I fully realise that the Court may, as Article 61 of the Rules of the Court clearly suggests, indicate interim measures of protection other than those proposed in the request. I can only request the Court to weigh carefully the reasons which we have advanced in support of our request and see if they do not lead to the conclusion that *only* measures the same or very similar to those which we have requested are capable of fully safeguarding the rights which under the Statute it is proper for the Court to safeguard when an application for interim measures is made. Mr. President and members of the Court, this brings me very near to the end of my address, but before I conclude there are two matters to which I would like to refer.

Yesterday evening we saw for the first time a copy of a telegram which the Persian Government has submitted to the Court. I am told indeed that the copy with which we have been supplied has not been transmitted accurately. We have read it but we have not had time to reply to it or to controvert the many statements in it which, it is apparent, do not accord with the facts as we understand them. Perhaps the Court will allow me to say no more about this telegram at this stage.

The other matter to which I would like to refer before I conclude my remarks is this. It has been the constant endeavour of the Anglo-Iranian Oil Company ever since these unhappy incidents began to do all it could to preserve the undertaking and in every way to prevent harm accruing to it. No responsible employee of the Company has done anything to hinder its proper working or to obstruct its operations. I think I may perhaps refer to the message that was sent out by Mr. Drake, the General Manager of the Company, which you may have noticed, to the employees of the Company, both Persian and British. He called on them to stay at their posts and to do all that they could to exercise patience and forbearance and to do nothing that would exacerbate an already difficult situation. It is in this spirit that those connected with the Company have sought to meet the trying and dangerous conditions with which they have been confronted. It is in that same spirit that both the Company and my Government will endeavour loyally to co-operate in the implementation of any measure which this Court may indicate as appropriate to prevent further damage. Thank you, Mr. President.

THE PRESIDENT: I take it that the statement of the United Kingdom Government has been concluded.

SIR FRANK SOSKICE: That is the case Mr. President.

THE PRESIDENT: In those circumstances I should like to reserve the right of the Court to ask the parties, in a form which the Court will consider to be appropriate, for additional information which the Court might consider to be desirable. With this reservation I declare that the oral proceedings are closed in the matter of the request for the indication of the interim measures of protection. The parties will be duly informed of the date on which the Court's decision will be read in open Court. The sitting is closed.

[The Court rose at 5.50 p.m.]

**NOTE FROM HIS MAJESTY'S AMBASSADOR AT TEHRAN TO THE
MINISTER FOR FOREIGN AFFAIRS, DATED 30th JUNE, 1951**

Monsieur le Ministre,

I have the honour to inform you that I am instructed to convey to your Excellency the following message for his Excellency the Prime Minister from Mr. Herbert Morrison, His Majesty's Principal Secretary of State for Foreign Affairs.

"His Majesty's Government have noted with regret that the Imperial Government have not only not replied to the aide-mémoire addressed to the Prime Minister of Iran on 19th May by His Majesty's Ambassador at Tehran, but in the meantime have not seen fit to respond to the offers repeatedly made both by the Anglo-Iranian Oil Company and by His Majesty's Government to enter into negotiations with the Imperial Government with a view to a just and reasonable settlement of the question of the future relations between the company and the Imperial Government.

Furthermore, while the Imperial Minister of Finance in a letter of 30th April to the company's representative in Tehran expressed the desire of his Government to avail themselves of the experience and technical knowledge of the Anglo-Iranian Oil Company, the Imperial Government took no advantage whatsoever of the presence of the delegation which the company recently sent out for discussions. Moreover the recent actions of the Iranian authorities have constituted serious interference in the normal workings of the company's operations. The company's offices in Tehran have been occupied by the Iranian authorities, the company's manager at Kermanshah has been forcibly restrained from carrying out his functions, and in Khuzistan interference of all kinds with the company's operations has been made and is continuing. Incitements have been addressed to the company's staff to transfer their allegiance to the National Iranian Oil Company, inflammatory and provocative speeches have been made by members of the Persian Government delegation in the oil areas and a campaign of misrepresentation against the company has been undertaken by Tehran radio and through the press.

The Iranian authorities in Abadan have refused to allow tankers calling at that port

to load and export oil unless they sign receipts implying that this oil was the property of the National Iranian Oil Company. When the company's general manager, Mr. Drake, instructed British Tanker Company tanker masters, when signing the same receipts, to add an endorsement reserving the legal rights of the company over the oil in question, he was informed in a letter dated 23rd June from the Temporary Board of National Iranian Oil Company that these actions on his part amounted to "sabotage." His Majesty's Government have observed that under the terms of a so-called anti-sabotage Bill which has now been introduced into the Majlis, persons accused of sabotage would be liable to trial before a military court and to penalties up to and including death. Your Excellency will have noted that in the statement which I made in the House of Commons on 26th June, a copy of which has been communicated to you, I rejected in advance in the name of His Majesty's Government any suggestion that accidents resulting from interference in the work of the company's operations could be ascribed to "sabotage." His Majesty's Government, as your Excellency is aware, has made application to the International Court of Justice in regard to the action of the Imperial Government in attempting to enforce against the Anglo-Iranian Oil Company in breach of the latter's 1933 Concession Agreement the implementation of the Iranian Nationalisation Laws. Until this case has been heard the matter must be regarded as being *sub judice*. In the view of His Majesty's Government, the crude oil and refined products produced by the Anglo-Iranian Oil Company are the property of that company. They cannot therefore admit that masters of tankers in which this oil is exported should be forced to sign a receipt the purport of which is to acknowledge a different ownership of the oil. Since Iranian authorities were apparently unwilling to agree that any endorsement should be added to such receipts reserving the company's legal rights in this respect, it has been necessary to withdraw from Abadan all tankers already there and to advise other tankers not to proceed thither unless and until the attitude of the Iranian authorities is modified.

Since storage capacity at Abadan is limited this must mean that the Abadan refinery will have to close down as soon as existing storage capacity for refined products is full, and the flow of crude oil from the oilfields will soon have to cease. The British personnel in the oilfields will accordingly be temporarily withdrawn therefrom into Abadan as and when their presence in the fields is no longer required.

His Majesty's Government wish to place on record that the responsibility for withdrawal of tankers and progressive closing down of the company's installations with consequent loss of revenue to Iran and large-scale unemployment amongst Iranian workers, results solely from the present attitude of the Imperial Government which has not only refused repeated offers to

negotiate but has persisted in pursuing, without proper study or previous consultations, a course of action which must have the gravest consequences. They find it difficult to believe that the Imperial Government, even at this late hour, will not recognise the unwisdom of their intransigence.

Finally I must once more remind your Excellency that the Imperial Government are responsible under International Law for the protection of all British subjects in Iran. Should they fail in this respect, they alone will be responsible for the consequences."

I have the honour to request your Excellency to convey the above message to his Excellency the Prime Minister.

I avail, &c.

F. M. SHEPHERD.

POLITICAL SITUATION IN PERSIA

Sir F. Shepherd to Mr. Morrison. (Received July 4)

(No. 190. Confidential)
Sir,

*Tehran,
July 2, 1951.*

Although events in Persia are changing rapidly it may be useful to provide some comments on the Mosaddiq Government since it came into power at the end of April.

2. The National Front gained prominence as a result of the efforts of a few demagogues with an easy slogan, a talent for the organisation of intimidation, and greater cohesion than that possessed by any other political group except the proscribed Tudeh Party. It was always a matter for speculation on why the domination of this group should have been so definite, but after the murder of Prime Minister Razmara its access to power was a more foreseeable event in spite of the fact that both the Party as such and its members as individuals were obnoxious to the general body of politicians in the country. Even if the National Front may not have regarded political assassination as part of its adopted method, the actual murder of Razmara followed shortly after by that of Zanganeh was quite sufficient to ensure its political ascendancy. Even so it was perhaps by a parliamentary accident that Mosaddiq was eventually called to power. However this may be the event set the seal on the influence of the National Front and gave

it an open road to whatever political achievements it desired.

3. In the event Mosaddiq has concentrated on the nationalisation of the oil industry and has made it clear that not only is it his main objective but that he does not envisage as part of his political programme the undertaking of other reforms. He has clearly indicated that once nationalisation is complete he will regard his political mission as achieved and withdraw.

4. Mr. Mosaddiq has found like many others before him that there is a vast difference between successful opposition and successful Government. His lieutenants in demagoguery have been allowed to remain members of the Majlis while he has had to be content with a very mediocre Cabinet whose enthusiasm for his policy is probably not great, and who are to a strong degree actuated by personal ambition for the fulfilment of which they naturally keep an eye on political developments outside that of the National Front itself. Dr. Mosaddiq has not found it easy to keep them together and his Minister of Finance in particular has attempted unsuccessfully to resign. Other Ministers have played only a small part in the policy of the Government and Dr. Mosaddiq's absorption in the oil

question has meant that the governmental machine in general has been left to the direction of a number of very mediocre Ministers who have in the main been neglected or ignored by their chief.

5. The main objective of the Government in carrying through nationalisation of the oil industry has been the exclusive occupation of the Prime Minister himself assisted by his particular friends of the National Front. Mr. Makki, a fiery demagogue of small attainments and suspicious character has been appointed to the Government Commission in Khuzistan where his more moderate partners have been unable to restrain him from keeping public opinion at the high temperature necessary to cause the industrial population to forget in an access of nationalist emotion the benefits which they have received from the company. It is probably a phase of Dr. Mosaddiq's policy to keep some such flux of emotion in being until nationalisation has taken a definite shape.

6. Dr. Mosaddiq has appointed as his deputy Dr. Fatimi, the editor of the newspaper *Bakhtar-i-Imruz* which is perhaps the most venomous and vituperative of the National Front papers. Although I have no direct evidence I am under the impression that Mr. Fatimi is responsible for the organisation of the press propaganda of the National Front during the past two years and he is also probably a leading spirit in the organisation of intimidation. He has been as successful since Dr. Mosaddiq came into power as he was before and his mastery of the press and of the use of popular demonstrations is perhaps the most important factor in cowing the Majlis and the Senate, and in keeping the public informed of only those facts or fantasies which are useful to the Government.

7. The third of Dr. Mosaddiq's devoted lieutenants is Engineer Hassibi who has been appointed Under-Secretary at the Ministry of Finance and whose relations with the Prime Minister have been of such a direct nature as to enable him to ignore his own immediate chief, a factor which was instrumental in causing the latter to hand in his resignation. Engineer Hassibi has some knowledge of the oil business as concerns its production side but none whatever of the intricacies of marketing. His knowledge, however, is not sufficient to enable him to take a broad view of the problems even of the Persian operations of the Oil Company but he is completely convinced of his own ability and unwilling to admit the existence

of any difficulties which could not be overcome by a few more or less trained Persian personnel. It is, however, evident that the events of the last few weeks have convinced even Engineer Hassibi that the Persians would be quite unable to conduct the industry by themselves and when he is brought to envisage the departure of the majority of the British technicians he is obliged to admit that there is little prospect of Persia producing more than about a quarter of their present output.

8. The fact that Dr. Mosaddiq is to such a great extent dependent on the services of these few fanatical individuals means that he has been obliged to establish himself in some sort as a dictator but a dictator in quite unusual and unpromising circumstances. Although he has the support of public opinion which has been cleverly but artificially worked up he has not the reasoned support of influential political opinion. He was firmly convinced that if nationalisation was to be carried out at all it was essential for some kind of law to be quickly registered by the Majlis so that it could be used as a spring board from which the practical application of nationalisation could proceed. In such hurried circumstances it was scarcely to be expected that the law would be anything but a very approximate or patchwork affair and so it has proved. Dr. Mosaddiq is, however, terrified of admitting even the possibility of any modification because he fears that once such a process began the results of his ambition would be emasculated to a point which would in his view represent complete failure. He has accordingly clung with the obstinacy almost of despair to the letter of the law which he himself admitted when urging its immediate passage was far from perfect.

9. This insistence on the letter of the law has already led him into a number of absurdities. The description in the law of the Anglo-Iranian Oil Company as the "Former Company" was I believe inserted by a member of the Oil Commission who did not belong to the National Front but this provision having found a place in the law, the Government has considered it necessary to insist on its application regardless of the consequences. It is difficult to imagine how the Persian operations of the A.I.O.C. can be carried on by an organisation which has been legally abolished and the Government has taken the line that it has no further existence. In spite of that

the Prime Minister has stated that he regards this apparently non-existent company as being the agents for the Persian Government in the interim period before nationalisation can be completed. It is perhaps unnecessary to enlarge on the anomalies of this ill-considered prefix, but it is an example of the insufficient thought which the Government has devoted to the whole matter.

10. The involuntary dictatorship of Dr. Mosaddiq is further limited by his inability to implement the law which he values so highly. After a premiership of two months he has been unable to do more than to obliterate the name of the A.I.O.C. from its offices, filling stations and tank lorries and replace them with those of the National Oil Company. A number of more or less inexperienced individuals have been appointed to conduct the affairs of the company but it has been made clear that the company's regulations must in the meantime be carried out. From the point of view of political popularity this inactivity is of course a great handicap. Not even the talent for publicity of Mr. Fatimi has been sufficient to silence criticisms of the Government's slowness, criticisms which while starting from a nucleus of genuine public surprise have been artificially swollen by political elements hostile to the Government. A really powerful dictator would certainly have been able to sway public opinion in a more efficient manner than the present Prime Minister. The slogan of nationalisation has in fact been somewhat too successful and the Government publicity machine has found its retreat hampered if not barred by the activities of the *Fidayan-i-Islam* while the Communists are naturally supporting the most active possible measures for nationalisation, in the hope that these will still further trouble the waters. Dr. Mosaddiq is now posing as a comparative moderate who is unable to control the spontaneous aspirations of the people, but in fact he seems to be making little effort to guide public opinion and it must be confessed that his own inept handling of the situation has made his task more difficult.

11. Dr. Mosaddiq has in fact failed to display the qualities of constructive organisation which are indispensable in any dictator. Although it is true that he has set himself an impossible task his conduct has greatly magnified several of his difficulties. It would have been greatly to his advantage for his Commission in the South

to have established cordial relations with the company's management and to have reassured the British and other foreign personnel. On the contrary, however, largely owing to the inflammatory indiscretions of Mr. Makki the Government has succeeded in creating in Abadan especially a situation in which while the Commissioners are becoming more and more aware of the impossibility of their task, they have made it progressively more difficult to secure help from the Oil Company itself. Their action in accusing the General Manager of sabotage at the same time as they introduced the savage anti-sabotage bill into the Majlis, and following this up with his dismissal greatly irritated the British personnel. The Commission also committed the obvious blunder of attempting first to transfer British subjects by administrative action to the National Oil Company and then of trying to hustle them into agreeing to alter their contracts. In addition to this they have been adamant about permitting the masters of tankers to make any reservation of the legal rights of the A.I.O.C. and have accordingly reached a position where there is a hostile body of foreign technicians and where the export of oil has for the present entirely ceased.

12. There is one other aspect in which Dr. Mosaddiq is showing failure as dictator. His concentration on the oil question and neglect of other aspects of the administration has meant that the co-ordination and discipline of the country in general has suffered. However inefficient previous Governments have been the country has during the last few years been kept running on a basis which though intolerably inefficient from a Western point of view was not unacceptable to the Persians themselves. Even this degree of tolerable administration is at present suffering damage so that there is less and less respect for the Government as an administrative machine. This is of importance because of the encouragement it affords to undisciplined elements on the one hand and the well organised body of the Tudeh Party and its supporters on the other. It is the custom of the Government to say that an anti-Communist campaign will be undertaken as soon as the oil question is out of the way but the situation is certainly deteriorating while this goal continues to recede. It may be remembered in this connexion that on the many occasions during the past year during which I have warned successive Governments of the dangerous effects of the anti-British campaign of the

National Front I was always assured that this would be remedied once the oil question was settled. One of the most important reasons for securing some kind of arrangement about oil is that it would in fact provide an occasion for the diminution if not cessation of the existing anti-British crusade and would afford less encouragement to the instigators of Communism.

13. It is evident from the foregoing that Dr. Mosaddiq can scarcely go on with his programme without causing the ruin of the country and himself, while at the same time he can scarcely retreat without considerable personal risk. I hear on good authority that he has told a prominent politician that he regretted that the Majlis did not demand his resignation the other day instead of giving him a vote of confidence; but he added that he himself was afraid to resign for the same reasons that the Majlis were afraid to turn him out. These conditions are far from

hopeful for the future successful Government of the country, unless some more respectable leader can be found who combines with his respectability sufficient strength and organising powers to use the failure of Dr. Mosaddiq as the basis for a more constructive and reasonable policy. At the present time there seems nobody likely to fulfil these requirements apart from Sayyid Zia-ud-Din. The Persian scene is indeed bare of the type of personality who one would judge capable of stepping into so considerable a breach.

14. I am sending copies of this despatch to His Majesty's Ambassadors at Washington, Bagdad, Moscow and Ankara, to the Head of the British Middle East Office, Cairo, and to the United Kingdom Delegation, New York.

I have, &c.

F. M. SHEPHERD.

EP 1531/869

No. 78

CONVERSATION BETWEEN THE SECRETARY OF STATE AND THE UNITED STATES AMBASSADOR

Situation in Persia

Mr. Morrison to Sir O. Franks (Washington)

(No. 744. Confidential) *Foreign Office.*
Sir, *3rd July, 1951.*

The American Ambassador came to see me this morning and asked whether there was any change in the situation in Persia. I told him that, although they did not amount to very much, there were at any rate some indications that the Persian Government were becoming anxious on account of the determination which was being shown by the Company's British staff to leave Persia and the consequences which their complete evacuation would entail. They had now asked the staff to stay on for at least a month and they had dropped the Sabotage Bill. I told Mr. Gifford that, after talks with Mr. Drake yesterday, we had agreed that for the present we should slow down the evacuation of British staff as much as possible, consistent with their safety. In this connexion I gave it as my opinion that the Persian Government were anxious that no physical harm should come to the British staff and that it was largely for this purpose that they had drafted so many troops into the oilfields area.

2. The Ambassador told me that, as a result of Dr. Grady's recent interview with

Dr. Mosaddiq, the latter had made a further suggestion regarding the form of receipt which tanker Captains might give. I told him we would certainly consider this suggestion but it did not appear to offer much hope.

3. In reply to a question from Mr. Gifford, I said that I did not think there was much more which the United States could do for the present. It is now a question of allowing the Persians time to appreciate that we do not intend to give way.

4. I emphasised that, in any talks which he or others might have with individual Persians, it would be helpful if they could be given the impression that the British public are not in a mood for further concessions. I told him that I had seen the Opposition leaders yesterday afternoon and that we were in agreement on this point.

5. I am sending copies of this despatch to His Majesty's Representatives at Tehran, Paris and Bagdad, to the Head of the British Middle East Office and to the United Kingdom Delegation to the United Nations.

I am, &c.

HERBERT MORRISON.

EP 1531/1063

No. 79

INTERNATIONAL COURT OF JUSTICE, YEAR 1951

5TH JULY, 1951

ANGLO-IRANIAN OIL COMPANY CASE:

REQUEST FOR THE INDICATION OF INTERIM MEASURES OF PROTECTION

(UNITED KINGDOM/IRAN)

ORDER

Present:

President: Basdevant

Vice-President: Guerrero

Judges Alvarez, Hackworth, Winiarski, Zoricic, De Visscher, Sir Arnold McNair,

Klaestad, Badawi Pasha, Read, Hsu Mo

Registrar: Hambro

THE COURT composed as above, after deliberation, having regard to Articles 41 and 48 of the Statute of the Court, having regard to Article 61 of the Rules of Court,

In the proceedings instituted before the Court by the Application dated 26th May, 1951, by the Government of the United Kingdom of Great Britain and Northern Ireland, against the Iranian Empire in the case of the Anglo-Iranian Oil Company, Limited:

Makes the following Order:—

Having regard to the Request dated 22nd June, 1951, submitted to the Court and filed in the Registry on that day whereby the United Kingdom Government,—invoking Article 41 of the Statute and Article 61 of the Rules, and referring to the Application of 26th May, in which the United Kingdom Government had reserved the right to request the Court to indicate such interim measures,—requested the Court to indicate that pending the final Judgment of the Court in the Anglo-Iranian Oil Company case:—

- The Imperial Government of Iran should permit the Anglo-Iranian Oil Company (Limited), its servants and agents, to search for and extract petroleum and to transport, refine or treat in any other manner and render suitable for commerce and to sell or export the petroleum obtained by it, and generally, to continue to carry on the operations which it was carrying on prior to 1st May, 1951, free from interference calculated to impede or endanger the operations of the Company, by the Imperial Government of Iran, their servants or agents, or any Board, Commission, Committee, or other body nominated by them.
- The Imperial Government of Iran should not by any executive or legislative act or judicial process hinder or prevent or attempt to hinder or prevent the Anglo-Iranian Oil Company (Limited), its servants or agents, in or from continuing to carry on its operations as aforesaid.
- The Imperial Government of Iran should not by any executive or legislative act or judicial process sequester or seize or attempt to sequester or seize or otherwise interfere with any property of the Anglo-Iranian Oil Company (Limited), including (but without prejudice to a decision on the merits of the case) any property which the Imperial Government of Iran have already purported to nationalise or otherwise to expropriate.

- (d) The Imperial Government of Iran should not by any executive or legislative act or judicial process sequester or seize or attempt to sequester or seize any moneys earned by the Anglo-Iranian Oil Company (Limited), or otherwise in the possession or power of the Anglo-Iranian Oil Company (Limited), including (but without prejudice to a decision on the merits of the case) any moneys which the Imperial Government of Iran have purported to nationalise or otherwise to expropriate or any moneys earned by means of property which they have purported so to nationalise or otherwise to expropriate.
- (e) The Imperial Government of Iran should not by any executive or legislative act or judicial process require or attempt to require the Anglo-Iranian Oil Company (Limited) to dispose of the moneys referred to in subparagraph (d) above otherwise than in accordance with the terms of the Convention of 1933 or of any measure to be indicated by the Court.
- (f) The Imperial Government of Iran should ensure that no other steps of any kind are taken capable of prejudicing the right of the Government of the United Kingdom to have a decision of the Court in its favour on the merits of the case executed, should the Court render such a decision.
- (g) The Imperial Government of Iran and the Government of the United Kingdom should ensure that no step of any kind is taken capable of aggravating or extending the dispute submitted to the Court, and in particular, the Imperial Government of Iran should abstain from all propaganda calculated to inflame opinion in Iran against the Anglo-Iranian Oil Company (Limited) and the United Kingdom.

Whereas, on the day on which the Request for the indication of interim measures was filed, it was transmitted to the Iranian Government and the submissions made therein were communicated by telegraph to the said Government;

Whereas the Registry, referring to Article 41, paragraph 2, of the Statute, notified the Secretary-General of the United Nations of the said Request, and, in accordance with Article 40, paragraph 3, of the Statute communicated it to the Members of the United Nations through the Secretary-General, and to the other States entitled to appear before the Court;

Having regard to the message transmitted by telegraph by the President of the Court on 23rd June to the Prime Minister and to the Minister for Foreign Affairs in Iran, which was in the following terms:—

" Court being due to meet to consider Request for indication interim measures of protection filed 22nd June by United Kingdom agent, it is my duty in accordance with Article 61 of the Rules to take such measures as appear necessary to me to enable the Court to give an effective decision. For this purpose I have the honour to suggest to your Excellencies that Imperial Government issue appropriate instructions to avoid all measures which might render impossible or difficult the execution of any judgment which the Court might subsequently give and to ensure that no action is taken which might aggravate the dispute submitted to Court. Any measures taken by Imperial Iranian Government for this purpose would in no way prejudice such representations as that Government may deem it appropriate to make to Court either in proceedings on Request for interim measures in which both parties will have right to be heard at hearing on 30th June or subsequently in proceedings on Application filed 26th May by the United Kingdom."

Having regard to the reply to this message, transmitted by telegraph on 29th June to the Iranian Legation at The Hague, and, on the same day, delivered to the President of the Court by the Iranian Minister at The Hague, filed and communicated to the Agent for the United Kingdom Government;

Having regard to the final text of the said reply, consisting of a message signed "B. Kazemi, Minister for Foreign Affairs of Iran," followed by a statement together with three annexes delivered to the President of the Court on 30th June by the Iranian Minister at The Hague, which was also communicated to the Agent for the United Kingdom Government;

Whereas the said reply stated:

" In view of the foregoing considerations the Iranian Government hopes that the Court will declare that the case is not within its jurisdiction because of the legal incompetence of the complainant and because of the fact that

exercise of the right of sovereignty is not subject to complaint. Under these circumstances the request for interim measures of protection would naturally be rejected."

Whereas on 23rd June, the day following the filing of the Request for the indication of interim measures of protection, the United Kingdom Government, through its duly authorised Agent, and the Iranian Government through its Minister for Foreign Affairs, were informed that the Court would fix a hearing for the purpose of giving the Parties an opportunity of presenting their observations on the subject of the Request;

Whereas upon the opening of the hearing fixed for this purpose, the President of the Court took note of the presence in Court of Sir Eric Beckett, K.C.M.G., K.C., Legal Adviser to the Foreign Office, and of the Right Honourable Sir Frank Soskice, K.C., M.P., Attorney-General; Professor H. Lauterpacht, K.C., Professor of International Law at Cambridge University; Mr. A. K. Rothnie, Eastern Department, Foreign Office; and Messrs. H. A. P. Fisher and D. H. N. Johnson, Counsel;

Whereas the Iranian Government was not represented at this hearing;

Having heard Sir Frank Soskice on behalf of the United Kingdom Government, on the request for the indication of interim measures of protection;

Whereas the submissions in the request of the United Kingdom Government, quoted above, were maintained in the course of the hearing;

Whereas in its message of 29th June, 1951, the Iranian Government stated that it rejected the Request for the indication of interim measures of protection presented by the United Kingdom Government on the grounds principally of the want of competence on the part of the United Kingdom Government to refer to the Court a dispute which had arisen between the Iranian Government and the Anglo-Iranian Oil Company, Limited, and of the fact that this dispute pertaining to the exercise of the sovereign rights of Iran was exclusively within the national jurisdiction of that State and thus not subject to the methods of settlement specified in the Charter;

Whereas it appears from the Application by which the Government of the United Kingdom instituted proceedings, that that Government has adopted the cause of a British Company and is proceeding in virtue of the right of diplomatic protection;

Whereas the complaint made in the Application is one of an alleged violation of international law by the breach of the agreement for a concession of 29th April, 1933, and by a denial of justice which, according to the Government of the United Kingdom, would follow from the refusal of the Iranian Government to accept arbitration in accordance with that agreement, and whereas it cannot be accepted *a priori* that a claim based on such a complaint falls completely outside the scope of international jurisdiction;

Whereas the considerations stated in the preceding paragraph suffice to empower the Court to entertain the request for interim measures of protection;

Whereas the indication of such measures in no way prejudices the question of the jurisdiction of the Court to deal with the merits of the case and leaves unaffected the right of the Respondent to submit arguments against such jurisdiction;

Whereas the object of interim measures of protection provided for in the Statute is to preserve the respective rights of the Parties pending the decision of the Court, and whereas from the general terms of Article 41 of the Statute and from the power recognised by Article 61, paragraph 6, of the Rules of Court, to indicate interim measures of protection *proprio motu*, it follows that the Court must be concerned to preserve by such measures the rights which may be subsequently adjudged by the Court to belong either to the Applicant or to the Respondent;

Whereas the existing state of affairs justifies the indication of interim measures of protection;

For these reasons,

THE COURT

Indicates, pending its final decision in the proceedings instituted on 26th May, 1951, by the Government of the United Kingdom of Great Britain and Northern

Ireland against the Imperial Government of Iran, the following provisional measures which will apply on the basis of reciprocal observance:—

1. That the Iranian Government and the United Kingdom Government should each ensure that no action is taken which might prejudice the rights of the other Party in respect of the carrying out of any decision on the merits which the Court may subsequently render;
2. That the Iranian Government and the United Kingdom Government should each ensure that no action of any kind is taken which might aggravate or extend the dispute submitted to the Court;
3. That the Iranian Government and the United Kingdom Government should each ensure that no measure of any kind should be taken designed to hinder the carrying on of the industrial and commercial operations of the Anglo-Iranian Oil Company, Limited, as they were carried on prior to 1st May, 1951;
4. That the Company's operations in Iran should continue under the direction of its management as it was constituted prior to 1st May, 1951, subject to such modifications as may be brought about by agreement with the Board of Supervision referred to in paragraph 5;
5. That, in order to ensure the full effect of the preceding provisions, which in any case retain their own authority, there should be established by agreement between the Iranian Government and the United Kingdom Government a Board to be known as the Board of Supervision composed of two Members appointed by each of the said Governments and a fifth Member, who should be a national of a third State and should be chosen by agreement between these Governments, or, in default of such agreement, and upon the joint request of the Parties, by the President of the Court.

The Board will have the duty of ensuring that the Company's operations are carried on in accordance with the provisions above set forth. It will, *inter alia*, have the duty of auditing the revenue and expenses and of ensuring that all revenue in excess of the sums required to be paid in the course of the normal carrying on of the operations and the other normal expenses incurred by the Anglo-Iranian Oil Company, Limited, are paid into accounts at banks to be selected by the Board on the undertaking of such banks not to dispose of such funds except in accordance with the decisions of the Court or the agreement of the Parties.

Done in English and French, the English text being authoritative, at the Peace Palace, The Hague, this fifth day of July, one thousand nine hundred and fifty-one, in four copies, one of which will be placed in the Archives of the Court, and the others transmitted to the Imperial Government of Iran, to the Government of the United Kingdom of Great Britain and Northern Ireland, and to the Secretary-General of the United Nations for transmission to the Security Council.

(Signed) BASDEVANT, *President*.

(Signed) E. HAMBRO, *Registrar*.

Judges Winiarski and Badawi Pasha, declaring that they are unable to concur in the Order of the Court, have appended to the Order the joint statement of their dissenting opinion.

(Initialed) J. B.

(Initialed) E. H.

DISSENTING OPINION OF JUDGES WINIARSKI AND BADAWI PASHA

However justified the interim measures of protection formulated in this Order may appear, we are of opinion that the Court should not have indicated them, on grounds of principle which it is our duty to indicate briefly.

The question of interim measures of protection is linked, for the Court, with the question of jurisdiction; the Court has power to indicate such measures only if it holds, should it be only provisionally, that it is competent to hear the case on its merits. Article 41 of the Statute empowers the Court to indicate interim measures of protection "if it considers that circumstances so require." The provisions of this Article presuppose the competence of the Court; this Article is to be found in the Chapter of the Statute headed "Procedure"; it refers to the "the parties":

there must therefore be proceedings within the meaning of the Statute and there must be parties.

Clearly, it could not be claimed that, in the event of a challenge of its jurisdiction, the Court should finally pronounce on this question before indicating interim measures of protection; in such a case as this the request might well become pointless; but the Court must consider its competence reasonably probable.

Article 41 naturally raises a different question for the consideration of the Court, the question whether the circumstances require provisional measures to be taken, and, from this point of view, the power of the International Court of Justice is not in substance different from that of a national tribunal. President Anzilotti, in a dissenting opinion (in the Polish Agrarian Reform case, in 1933) went so far as to say that if the *summaria cognita*, which was characteristic of a procedure of that kind, enabled the Court to take into account the possibility of the right claimed and the possibility of the danger to which that right was exposed, a request for interim measures of protection should be granted. But as interim measures of protection are exceptional in character and in derogation of general rights, the tribunal ought to examine the situation as a whole; thus, for instance, in the countries where there is power to grant a temporary injunction, in cases where the measures asked for would involve particular hardship on the respondent, a judge will only grant it if the right of the applicant appears to him to be clear; thus, too, if it seems to him to be very probable that the applicant will fail in the proceedings, he will refuse to grant the relief asked for. The question of the jurisdiction of the national tribunal does not in practice arise; the application is made to the competent tribunal; if the tribunal has no jurisdiction it will not order interim measures. But, in municipal law, there is always some tribunal which has jurisdiction.

In international law it is the consent of the parties which confers jurisdiction on the Court; the Court has jurisdiction only in so far as that jurisdiction has been accepted by the parties. The power given to the Court by Article 41 is not unconditional; it is given for the purposes of the proceedings and is limited to those proceedings. If there is no jurisdiction as to the merits, there can be no jurisdiction to indicate interim measures of protection. Measures of this kind in international law are exceptional in character to an even greater extent than they are in municipal law; they may easily be considered a scarcely tolerable interference in the affairs of a sovereign State. For this reason, too, the Court ought not to indicate interim measures of protection unless its competence, in the event of this being challenged, appears to the Court to be nevertheless reasonably probable. Its opinion on this point should be reached after a summary consideration; it can only be provisional and cannot prejudice its final decision, after the detailed consideration to which the Court will proceed in the course of adjudicating on the question in conformity with all the Rules laid down for its procedure.

We find it difficult to accept the view that if, *prima facie*, the total lack of jurisdiction of the Court is not patent, that is, if there is a possibility, however remote, that the Court may be competent, then it may indicate interim measures of protection. This approach, which also involves an element of judgment, and which does not reserve to any greater extent the right of the Court to give a final decision as to its jurisdiction, appears, however, to be based on a presumption in favour of the competence of the Court which is not in consonance with the principles of international law. In order to accord with these principles, the position should be reversed: if there exist weighty arguments in favour of the challenged jurisdiction, the Court may indicate interim measures of protection; if there exist serious doubts or weighty arguments against this jurisdiction such measures cannot be indicated.

In order to minimise the seriousness of this question, there have been invoked before the Court examples taken from the practice of the Mixed Arbitral Tribunals. But these tribunals, as joint organs of two States, differ both as to their character and as to their procedure from an international tribunal, and, therefore, from the International Court of Justice, and there is, consequently, nothing to be learned from their precedents.

There were also invoked precedents of the Permanent Court of International Justice; these precedents, however, in no way support the argument put forward. Interim measures of protection were requested in six cases; the requests were granted in only two. In the Belgian/Chinese case (in 1927), the President first refused, then granted, and, finally revoked the interim measures of protection. In his Order, the President was careful to say: "Provisionally, pending the final decision of the Court . . . either on the question of its jurisdiction or on the

merits." In revoking these measures the President pointed out what were the circumstances: "the time limit allowed for the filing of the Counter-Case has not expired, the Respondent has not had an opportunity of indicating whether he accepts the Court's jurisdiction in the case." In the case concerning the Electricity Company of Sofia and Bulgaria (in 1939), Bulgaria objected to the jurisdiction of the Court. The objection was considered by the Court and allowed in part; as to the remainder the Court held itself competent. It was only after this finding that the Court indicated interim measures of protection, and then in very general terms.

There are certainly cases in which the objection to the jurisdiction is regarded as a mere ground of defence, and in which the party overruled in its objection continues to take part in the proceedings. But in this case the facts are quite different. Iran affirms that it has not accepted the jurisdiction of the Court in the present matter and that it is in no way bound in law; it has refused to appear before the Court and has put forward reasons for its attitude. The Court ought therefore to decide, in a summary way and provisionally, for the purpose of arriving at the decision which it must take on the question of interim measures of protection, which is the more probable of the two conclusions which it may finally come to on the question of its jurisdiction.

In this connection, a consideration, entirely summary in character, of the various grounds upon which the Government of the United Kingdom alleges that the Court has jurisdiction, leads us to the provisional conclusion that if Iran does not accept the jurisdiction of the Court in pursuance of the suggestion made by the United Kingdom in paragraph 20 of the application ("Alternatively, whether or not the Court has the right to exercise jurisdiction in this case . . . the Government of the United Kingdom expects that Iran . . . will agree to appear before the Court voluntarily"), the Court will be compelled to hold itself without jurisdiction in this case and that, in these circumstances, interim measures of protection should not have been indicated.

B. WINIARSKI.
BADAWI PASHA.

EP 1531/1034

No. 80

**NOTE FROM HIS MAJESTY'S AMBASSADOR AT TEHRAN TO THE
PERSIAN MINISTER FOR FOREIGN AFFAIRS, DATED 7th JULY,
1951**

M. le Ministre,

I have the honour to inform your Excellency, on instructions from His Majesty's Government, that as already publicly announced they accept in full the recommendations of the International Court on the United Kingdom request for the indication of interim measures of protection relative to the present oil dispute. On the assumption that the Imperial Government similarly accept these recommendations in full, His Majesty's Government are considering their nominations to the board of supervision recommended by the court and hope to let the Imperial Government know very shortly the names of their representatives. They will be glad to learn in due course the names of the two representatives

to be nominated by the Imperial Government. His Majesty's Government also hope shortly to be in a position to make suggestions regarding the fifth member of the board, whose name is to be agreed between the two Governments and will in the meantime be glad to learn of any suggestion which the Imperial Government may wish to make. His Majesty's Government will be making a further communication to the Imperial Government about the detailed implementation of the court's recommendations, particularly about measures to be taken to make possible the resumption of the company's operations on the basis proposed by the court.

I avail, &c.

F. M. SHEPHERD.

EP 1013/29

No. 81

MONTHLY REPORT FOR JUNE 1951

Sir F. Shepherd to Mr. Morrison. (Received July 11)

(No. 195)

Tehran.

Sir,

July 9, 1951.

With reference to my despatch No. 174 of the 18th May I have the honour to submit a report on political events in Persia during the month of June 1951.

Oil Nationalisation

2. June started with some hope of a negotiated settlement. The Ministry of Finance's strange letter to the Anglo-Iranian Oil Company of the 30th of May had at least given the A.I.O.C. an opening to offer negotiation: and by a blunder which would have been pure comedy in a less serious atmosphere, the United States Ambassador delivered to Dr. Mosaddiq a message, intended only for Mr. Attlee, from President Truman, stating his belief that the Persian Government would be ready to negotiate. Though this publication of the United States Government's renewed pressure on His Majesty's Government was unwelcome, it could after all be used as a point of departure and the Senate, in discussing the President's message, in fact favoured negotiation. The Shah urged his Prime Minister in the same direction, and the ground was thus well prepared for the company's offer to send a delegation which was made to the Minister of Finance on the 3rd June. I simultaneously informed the Prime Minister and found him a little less intransigent than usual.

3. This was deceptive, if not pure bluff (for Dr. Mosaddiq, essentially a creature of mood, seems capable of saying quite different things on different days, and all with apparently equal sincerity). He was not prepared to delay the departure for Khuzistan of a "Temporary Board" of the so-called National Oil Company, or, a few days later of a three-member Mixed Oil Commission (hereafter referred to as the Parliamentary Commission): and only a few days after his conciliatory remarks to me he was submitting to the Shah a draft reply to my aide-memoire of the 19th May, in which he refused all negotiation not in strict accordance with the executive Nationalisation Law, and attacked the A.I.O.C. for having interfered in Persian politics and enthroned Riza Shah (an indication that he would accept no settle-

ment that would leave the A.I.O.C. operating in Persia). This draft was summarily rejected by the Foreign Affairs Committee of the Parliament and no reply has yet been sent.

4. Nor were there many signs of conciliation in the South, where the newly-appointed officials began to obstruct the company in its work and where the Persian bodies above mentioned were soon trying to rouse popular feeling and to hector the company's management. The Parliamentary Commission were ostensibly on a short visit to introduce the Temporary Board, but it was soon clear that they were completely overshadowing it, and were dominated by their least reasonable and experienced member, Mr. Makki, the Senior Crusader against the A.I.O.C. Further, although by accepting the company's offer of negotiation the Persian Government had implicitly undertaken to delay the execution of nationalisation, these bodies began to invade company premises, hoist flags and even to keep the company's general manager out of his own office. They also issued a proclamation "transferring" all the company's employees to the new company. A great fuss was made of the delegations, where progress through Khuzistan was punctuated by demonstrations, sacrifices of animals and above all by fiery speeches from Mr. Makki.

5. All this boded no good for the discussions with the A.I.O.C. A further cause of alarm was the venomous radio and press attacks on the company. To counter this I issued a statement defending the company's record, and another hoping for friendly and reasonable discussions with the company's delegation. I also persuaded the Prime Minister to moderate the ardour of his deputy Dr. Fatimi, who controls Tehran Radio and much else besides.

6. The A.I.O.C.'s impressive delegation arrived on the 11th and 12th June, and first met the Persians on the 14th. It was at once clear that our hope of using this occasion to educate the Persians about the difficulties of running big oil companies had been vain. Perhaps they had all along interpreted the delegation's arrival as complete capitulation to the Nationalisation Law. The Government were also running

short of money (it only managed to pay salaries and wages by withdrawing the last of its funds from the Bank Melli) and the Minister of Finance had made an approach to the A.I.O.C. (later disavowed by Dr. Mosaddiq) for an advance of £5 million. At any rate, they at once demanded the surrender of net sales receipts less 25 per cent. to be deposited in a mutually agreed bank against the company's claims, in accordance with Article 2 of the law. The Company's Delegation referred to London for instructions, which they suggested should include an offer of advances to remove the Persian Government's financial embarrassment and to outline a scheme for recognising nationalisation without utterly disorganising the Persian oil industry. Such instructions could obviously not be obtained in less than five days, but even this delay the Persians were reluctant to accept. Before it expired the Persians had by their actions and words proclaimed the impending deadlock. The Temporary Board had already circularised Persian Missions abroad to tout for oil purchasers and Mr. Makki had declared his intention of demanding receipts from oil tankers loading at Abadan: while twenty-four before the last meeting on the 19th June, the Prime Minister had told the company's senior Persian employee of his intention to remove the company from Persia root and branch. Disturbed by this news I saw the Shah. He failed, as he has done at so many critical moments, to take any action, and it was thus hardly a surprise when the Persians rejected the company's offer. This included an advance of £10 million, followed by £3 million a month pending a settlement and a scheme for vesting the Persian production assets in the National Oil Company, in consideration of their free use being granted to a new British Company, which would pay a handsome percentage of its profits to the N.O.C. and admit Persian directors to its board. But one might legitimately wonder at the taking of so grave a decision in half an hour, without consulting the Shah or the Cabinet, and at the impertinent surprise expressed by the Persians that the delegation should have come so far to make so unacceptable an offer.

7. Dr. Mosaddiq had now played out his thin comedy of conciliation and the company's expropriation began in earnest. In Tehran its offices were invaded, its Information Department closed by decree, and all over the country the Persian authorities demanded the removal of the company's

signs and the payment of sales receipts to the account of the N.O.C. In Abadan the Parliamentary Commission demanded that all oil exported should be certified as received from the N.O.C.

8. Much of this action was taken before the Majlis had been asked to approve the Government's precipitate rejection of the A.I.O.C.'s offer. Deputies, Senators and many responsible people were becoming increasingly discontented with Dr. Mosaddiq's failure to produce any workable plan for a nationalised oil industry and with his shady entourage whose influence was mounting and replacing that of the Cabinet and the other organs of Government. Dr. Mosaddiq's intimidation, though more blatant than usual, did not secure him a vote of confidence till the afternoon of Thursday the 21st.

9. The same day the Majlis was presented with a Bill imposing penalties up to death, and judgment by civilian courts for a comprehensive list of offences described as "sabotage against oil installations." Such a Bill appeared most menacing to British employees, given the likelihood of accidents caused by Persian interference in management.

10. It now became clear that only a major change in the Persian attitude could prevent a gradual stoppage of oil production in Persia and the resignation or withdrawal of all British staff.

11. For a few days the authorities in Abadan were prepared to accept a receipt for oil shipped in favour of the N.O.C. but so qualified as to reserve the legal rights of the A.I.O.C. This decision was soon reversed and a deadlock followed in which no new tankers would load, and those loaded could not leave, because their masters, or Mr. Drake, the company's general manager, on behalf of the British Tanker Company would not sign the receipt demanded. The refinery storage began to fill up and production was reduced accordingly.

12. Relations between the British staff and the Persian authorities had been growing more strained as the month went on, the latter apparently assuming that the former could not uproot themselves from Persia and that they could be transferred to the N.O.C., deprived of their leave and generally harassed, without redress or resentment. A warning from the company and myself that this conduct would lead to mass resignations of British staff was received with incredulity and inattention

and the Parliamentary Commission soon showed the British staff what they could expect if the anti-sabotage law were passed, by accusing Mr. Drake of sabotage because he refused to sign tanker receipts in the Persian form; when the commission failed to withdraw their accusations Mr. Drake left for Basra. In protesting to the Minister for Foreign Affairs about these accusations, I drew his attention to the bad effect of the Sabotage Bill as did also the United States Ambassador. At last the Persian Government began to realise how likely it was that, quite apart from the stoppage of production forced by the cessation of loading into tankers (which in their incurable optimism they believed might be overcome by shipping oil to India and Italy in Panamanian vessels) the industry would soon be crippled by the departure of British technicians. Dr. Mosaddiq sent a message to all the company's foreign employees imploring them to stay and consideration by the Majlis of the Sabotage Bill was suspended with the ungraceful explanation that the Government wished to deprive the company's employees of this pretext for leaving. But the Persian authorities at Abadan did nothing to conciliate the sympathies of the British employees. Particularly irritating to them was the behaviour of Mr. Makki who threatened to take their cars and their houses, and had provided himself with a personal aeroplane and a bodyguard of armed thugs.

13. In these circumstances it was decided to withdraw all tankers under A.I.O.C. control (those already loaded discharging their cargoes), to withdraw British personnel gradually from the oil fields into Abadan, and to order the cruiser *Mauritius* to Abadan in case help became necessary to protect British lives. There was as yet no sign of any serious threat to them; but it was to be expected that the shut-down of the industry would lead to labour unrest, and Mr. Makki continued to make provocative speeches which might at any time detonate mob feeling in Abadan.

14. These decisions were communicated by His Majesty's Government to the Persian Government on the 30th June in a note handed by me to the Minister for Foreign Affairs. It concluded by placing on the Persian Government the responsibility for the grave consequences of the stoppage of the oil industry. It did not contain any invitation to reopen negotiations, for it had become clear that Dr. Mosaddiq had no intention of entering

them on any reasonable basis, and because any indication that we were prepared to make concessions to or treat with him would serve only to strengthen his position and discourage all the many Persians who were by now heartily sick of his Government.

15. The month's last act of folly by the Persian Government was the invasion and illegal occupation of the house of Mr. Seddon, the representative in Tehran of the A.I.O.C.'s London Board. He was alleged to be harbouring secret documents removed from the former A.I.O.C. Information Department, and also a non-existent wireless transmitter. The newspapers later announced that the latter had been found. I can only suppose that the police had not before seen a dictaphone.

Internal Affairs

16. So all-absorbed in oil were the Government that nearly everything of interest in the field of internal affairs has already been reported in the preceding paragraphs. It appeared that every useful activity of Government was at a standstill—the only exception being that, most surprisingly, the Tehran municipality at last signed and began to execute its part of a new contract with Alexander Gibb for the supply of piped water to Tehran, even to the extent of paying up long overdue arrears. The Seven-Year Plan's funds are so nearly exhausted and so unlikely to be replenished while the present Government lasts that all development activity will soon be brought to a complete standstill. The leader of the Fidaian-i-Islam was arrested on the 3rd June after threatening to kill Dr. Mosaddiq and Kashani. This partnership would therefore now appear to have been dissolved. The Tudeh has been less in evidence this month, and attendance at their frequent demonstrations seems to have declined. But Tehran has been noisy with the shouts of Tudeh and Kashani supporters, and with impassioned harangues from loudspeakers moving at twenty miles an hour.

Foreign Affairs

17. Persian-British relations have steadily deteriorated. While before the Government or the press, while savagely attacking Britain's only important interest in Persia, have protested their friendly feelings for His Majesty's Government the latter have

now also become a target. There are unconfirmed, but not entirely improbable, reports of a Government intention to close all British Consulates outside Tehran. The despatch of H.M.S. *Mauritius* to Abadan provoked, besides splutterings in the press, an official complaint to the Iraqi Government and officially-inspired threats of complaints to the Security Council.

18. United States policy has been more than usually inconstant and clumsy. In spite of the very great concessions made to State Department views by His Majesty's Government, the United States Government seems still torn between a desire to aid its principal ally and its fear that the Iron Curtain may fall over Persia and fails to see that something more than a large sum of money and a non-Communist Government is needed if that is to be avoided. They must blow hot and cold. Matters are not improved by the United States Ambassador, who is anxious for the credit of a satisfactory settlement and unwilling to discuss with me his disconcerting initiatives

in this direction; or alternatively reluctant to take firm action when it is required.

19. The Persian Government has continued to solicit sympathy and oil experts from all and sundry, but with decreasing results, and the cool attitude even of "neutral" countries such as Switzerland, Holland and Italy has begun to percolate in the press. The ill-considered statements of Mr. Nehru can hardly be said to offset the gradual realisation of Persian isolation.

20. I am sending a copy of this despatch to His Majesty's Ambassadors at Washington, Moscow and Bagdad; to Air Headquarters, Iraq, through His Majesty's Embassy at Bagdad; to the Commander-in-Chief, East Indies, and the Senior Naval Officer in the Persian Gulf; to the Political Resident in the Persian Gulf; to the United Kingdom High Commissioners at New Delhi and Karachi; to the Head of the British Middle East Office, Cairo; and to all His Majesty's Consular Officers in Persia.

I have, &c.

F. M. SHEPHERD.

EP 1531/988

No. 82

ANGLO-PERSIAN OIL DISPUTE

Sir F. Shepherd to Mr. Morrison. (Received July 12)

(No. 849)

Tehran,

(Telegraphic)

July 12, 1951.

Following is text of Persian reply as handed to member of my staff at 1230 hours local time to-day.

In reply to your Excellency's Note of 7th July, you are informed that—

- (1) Imperial Government in its declaration of 2nd October, 1930, did not accept competence of International Court of Justice in matters relating to Persia's national sovereignty.
- (2) Imperial Government had notified International Court of this view and Court should therefore, instead of taking any decision, have issued declaration of its own non-competence.
- (3) Court's decision of 5th July has no legal foundation whatever and is contrary to justice and equity, and Imperial Government does not consider it valid.

(4) In telegram addressed to Secretary-General of United Nations 9th July and repeated for information to International Court, I stated clearly that the Imperial Government did not consider Court competent to investigate this matter, and in addition withdrew acceptance of Court's compulsory jurisdiction as laid down in part 2 of Article 136 of Court's constitution. Imperial Government has thus decided that decision of International Court is unjust and contrary to Persia's independence and national sovereignty and as I informed your Excellency orally at our interview on Saturday, 7th July, continues to regard decision mentioned as invalid.

2. Correct account of Minister's statements to me on July 7th is given in my minute copied to Eastern Department under reference G15301/956/51 of 9th July.

EP 1015/281

No. 83

POLITICAL SITUATION

Sir F. Shepherd to Mr. Morrison

(No. 202. Confidential)

Tehran,

Sir,

July 16, 1951.

The Shah asked to see me in the afternoon of July 12th.

2. On my way in, I had a few words with the Master of Ceremonies, Mr. Pirnia. He thought that both the Government and their representatives in Khuzistan had now realised that it was impossible to apply the nationalisation laws or to continue the Government's present policy. He said that Mr. Amir Ala'i, who had just returned to Tehran from Ahwaz, was convinced that the Government had involved itself in a vicious circle and that a change of policy was needed. He thought also that General Zahidi, the Minister of the Interior, was of the same opinion.

3. The Shah received me in the garden where he had walked at least forty yards to reach the chairs which had been set out. This seemed remarkable in view of the fact that his operation had only taken place a week before. He was obviously relieved that no complications had been found but complained that the operation had left him feeling weak.

4. We discussed the political situation and the Shah said he was convinced that Dr. Mosaddiq must be got rid of as soon as possible. He did not seem very clear as to how this should be done but said that he had encouraged Mr. Sayyid Zia to revive his National Will Party. He had also received most affectionate letters from Qavam-us-Saltaneh, who evidently wished to be received back into favour and to re-enter political life. The Shah wondered whether Messrs. Qavam and Sayyid Zia could not work together in order to get rid of Dr. Mosaddiq and he appeared to play with the idea that there might even be a coalition Government combining these two personalities. He evidently had in mind that in view of the dangerous situation prominent personalities should sink their personal differences and combine for the good of the country. He was evidently not favourable to a Government in which Qavam would be Prime Minister. He thought that once Qavam was in power it would be difficult to get him out again. He was further rather apprehensive about Qavam's liking for something in the nature of a private army. During his previous

Premiership he had made himself head of the gendarmerie. I said that a weakness for having a private army was certainly something to be guarded against. The Shah was not convinced that Qavam enjoyed the confidence of the people to the extent that he once did nor was he convinced that Qavam was, in fact, a constructive personality. He was certainly a wily politician but the Shah did not seem to think he was much more. The Shah seemed to be thinking in terms of a temporary Government which would settle the oil question and he said that he had M. Ala in mind.

5. I said that I thought opposition to Dr. Mosaddiq was growing and that perhaps Deputies might soon summon up enough courage to vote him out of office. Individuals were obviously not strong enough to do this but their collective courage would increase as they found themselves becoming a majority. I said that I thought that the press was becoming increasingly critical of Dr. Mosaddiq but the Shah seemed to think criticism was confined to one or at the most two newspapers. He seemed to attach importance to Mr. Harriman's visit without having any particular reason for expecting that it would be effective.

6. I said that I thought things were looking more hopeful now than they were a week ago but that the time was very short. British employees in Khuzistan were extremely discontented and would not stay much longer. Even as it was I thought it probable that something like 50 per cent. of them would leave Persia as soon as they possibly could. The Shah seemed surprised at this. As I was leaving he said that he understood I had not seen Mosaddiq for some time. I replied that I had avoided doing so partly because my conversations with him got nowhere and partly because Dr. Mosaddiq had taken to using them as an advertisement of his good relations with the British which were after all not so good as all that.

7. I am sending a copy of this despatch to His Majesty's Ambassadors at Washington and Bagdad, to the Head of the British Middle East Office, Cairo and to the United Kingdom Delegation, New York.

I have, &c.

F. M. SHEPHERD.

ANGLO-PERSIAN OIL DISPUTE

(1)

Foreign Office to Sir F. Shepherd (Tehran)(No. 869. Confidential) *Foreign Office,*
(Telegraphic) *July 21, 1951.*

Cabinet have decided that, as soon as it is clear that the Majlis have accepted the Bill for the use of the £14 million sterling note issue cover, an Order shall be made restricting the uses to which Persian sterling may be put. The new Order states that all payments to and from sterling accounts relating to Persia must have specific Treasury permission.

2. For your information the immediate purposes of the Order are:—

- (i) to prevent Persia withdrawing her sterling balances from London and thus depriving us of an important economic weapon;
- (ii) to prevent Persia from using these sterling balances to establish balances elsewhere which might be used to our prejudice;
- (iii) to prevent Persia from taking further advantage of the provision in the Memorandum of Understanding, which gives her a certain measure of convertibility into dollars;

(iv) to ensure that we have adequate control over third country transfers of sterling to and from Persia. (Under the Memorandum of Understanding Persia has Transferable Account facilities.) This restriction of Persia's use of sterling should, among other things, enable us to prevent any payments of sterling to Persia for Persian oil.

3. My immediately following telegram gives the text of a draft statement which has been prepared for publication as soon as the Order is made. This text is provisional and may be altered. The final text will be telegraphed to you. Copies of the Order, if made, will follow by bag.

4. Our intention is to inform the Governments of the sterling area countries as soon as the Order has been made, but not before. United States Embassy in London is being informed in confidence.

5. This telegram is for your information and comments only. It requires no action in Persia at this stage.

(2)

Foreign Office to Sir F. Shepherd (Tehran)(No. 870. Confidential) *Foreign Office,*
(Telegraphic) *July 20, 1951.*

My immediately preceding telegram.
Persia's sterling balances.

His Majesty's Government have decided that certain necessary measures must be taken to safeguard the economy of the United Kingdom and the dollar reserves of the sterling area by limiting the facilities at present accorded to Persia in respect of the use of sterling. Under the existing arrangements, which His Majesty's Government have been reluctant to disturb, Persia has received exceptional treatment in regard to the transfer of sterling to foreign, including American, accounts. These exceptional arrangements were, it was considered, justified by the value to our economy of the supply of oil from Persia.

2. The present unhappy developments in Persia, however, have led to a suspension of the flow of oil from that country and

have already made it necessary for His Majesty's Government to spend dollars on replacement oil from the Western Hemisphere. Further, the Persian Government appear to have indicated their readiness to accept payment in sterling for oil bought in Persia. In these circumstances His Majesty's Government have felt it necessary to make an Order prescribing that all payments to and from sterling accounts relating to Persia may only be made with specific Treasury authority. His Majesty's Government wish to make it clear, however, that their present intention is to make use of the Order only as a safeguard against possible misuse of sterling facilities by the Persian Government and to suspend the exceptional arrangements which, in the light of her illegal action in regard to oil, can no longer be justified. It is His Majesty's Government's sincere hope that the need for the Order will not be of long duration.

HARRIMAN FORMULA

(No. 1029)
(Telegraphic)*Tehran,*
July 23, 1951.

The Council of Ministers and the Mixed Oil Commission in their meeting of 31st Tirmah (23rd July, 1951), held at the residence of his Excellency, Dr. Mosaddiq, the Prime Minister, approved the following formula:—

1. In case the British Government on behalf of the former Anglo-Iranian Oil Company recognises the principle of nationalisation of the oil industry in Iran, the Iranian Government would be prepared to enter into negotiations with representatives of the British Government on behalf of the former company.
2. Before sending representatives to Tehran the British Government should make a formal statement of its consent to the principle of nationalisation of the oil industry on behalf of the former company.
3. By the principle of nationalisation of the oil industry is meant the proposal which was approved by the Special Oil Committee of the Majlis and was confirmed by the law of Esfand 29,

1329 (20th March, 1951), the text of which proposal is quoted hereunder:—

"In the name of the prosperity of the Iranian nation and with a view to helping to secure world peace we the undersigned propose that the oil industry of Iran be declared as nationalised throughout all regions of the country without exception, that is to say, all operations for exploration, extraction and exploitation shall be in the hands of the Government."

In this connection, for Mr. Harriman's further information, a copy of the note which the representatives of the former oil company submitted to the Iranian Government on their method of accepting the principle of the nationalisation of the oil industry, which note was not accepted, is being herewith enclosed.

4. The Iranian Government is prepared to negotiate the manner in which the law will be carried out in so far as it affects British interests.

CONVERSATION BETWEEN THE SECRETARY OF STATE AND THE UNITED STATES AMBASSADOR

Anglo-Persian Oil Dispute

Mr. Morrison to Sir O. Franks (Washington)(No. 867. Secret)
Sir,*Foreign Office,*
July 25, 1951.

The American Ambassador came to see me this evening to discuss the Persian situation. He told me that in his opinion the news which had been coming into the State Department from Mr. Harriman showed that the possibility of successful negotiations between the British and Persian Governments was distinctly promising. Mr. Gifford expressed the hope that we should find ourselves able to accept the Persian proposal and to send a Minister to Tehran.

2. I told him that while I agreed that the situation was certainly much more hopeful as a result of Mr. Harriman's efforts, I was still of the opinion that some assurance

was necessary on two points before we embarked on negotiations which might prove lengthy. One of these points was that there should be some relief of conditions in the oil-fields where our men had almost reached breaking point, and the other was that there should be a working arrangement to keep the oil flowing while the talks went on. Mr. Gifford assured me that on the first point he had had information from Mr. Harriman that he and His Majesty's Ambassador had agreed that the Persians must now take steps to improve conditions in the oil-fields and at Abadan, and that they were both working to that end. The second point was one which the Persians, in Mr. Harriman's view, would be

ready to discuss as soon as a British Mission arrived.

3. I assured the Ambassador that for our part we had no wish to make difficulties over details but that I considered that the two points which I had mentioned were important.

4. The Ambassador went on to say that he had every hope that if we sent a mission to Persia, Mr. Harriman would stay on in Tehran if we thought his presence there would be helpful.

5. Mr. Gifford, in conclusion, asked that if the Ministers should find difficulty in

agreeing to send out a mission on the basis of the Persian proposals he might be given an opportunity of making representations before a final decision was reached. I assured him that this would be the case.

6. I am sending copies of this despatch to His Majesty's Ambassadors at Tehran, Alexandria, Bagdad and Paris, to the B.M.E.O. (Cairo) and to the United Kingdom Delegation to the United Nations at New York.

I am, &c.

HERBERT MORRISON.

EP 1531/1198

No. 87

ANGLO-PERSIAN OIL DISPUTE

Foreign Office to Sir F. Shepherd (Tehran)

(No. 912. Confidential) *Foreign Office,*
(Telegraphic) *July 26, 1951.*

Ministers have decided that you should at once present note to the Persian Government on the lines of the following two paragraphs:—

2. His Majesty's Government have received from Mr. Harriman proposals for negotiations between His Majesty's Government and the Persian Government regarding the dispute between the Persian Government and the Anglo-Iranian Oil Company and for discussion of matters of mutual interest to the two Governments. His Majesty's Government are glad to avail themselves of this invitation. They recognise the principle of nationalisation of the oil industry in Persia.

3. His Majesty's Government are prepared to send to Tehran an official mission headed by a Minister for the purpose of these negotiations. It will be appreciated by the Persian Government, however, that this cannot be done while the company's operations continue to be interfered with and the company's management and staff continue to be subjected to vexations and restrictions on their normal activities. Therefore before His Majesty's Government can consider the despatch of the mission they must request that the Persian Government should send instructions to the competent authorities to ensure that the present interference with the company's operations and the present vexations to the company's staff are discontinued.

4. When presenting this note to the Persian Government you should make it

plain that His Majesty's Government's acceptance of the principle of nationalisation does not in any way imply acceptance of the law of May 2nd. You should also emphasise that the question of the treatment to which the company and the company's staff are being subjected to is of crucial importance, and that it would be quite impossible for a mission to start negotiations with the Persian Government as long as these conditions continue. His Majesty's Government will expect that if instructions are sent by the Persian Government on the lines requested they will result in an immediate and concrete improvement in this respect. Moreover, if a mission is despatched as a result of Persian compliance with this request and the position were to deteriorate owing to a renewal of Persian interference, the mission would have to be immediately withdrawn.

5. Ministers do not wish to specify at this stage the precise conditions regarding the cessation of present interference and vexations which they would regard as satisfactory. However, in speaking to the Persian Government you should make it plain that we cannot accept the present position under which the whole of the company's operations are being brought to a standstill. You will no doubt be able to reinforce this point by quoting specific instances of the interference which has brought this situation about. You should stress most strongly that the earnest of Persian goodwill which His Majesty's Government are particularly anxious to receive is the withdrawal from Khuzistan

(unobtrusively if the Persians prefer) of Makki and those of his colleagues who have been most active in promoting trouble.

6. Before presenting this note to the Persian Government you should inform Mr. Harriman. You should explain to him that in reaching this decision His Majesty's Government have been largely influenced by a desire to take immediate advantage of the results of the able and patient work done by him in Tehran since his arrival, which they gratefully acknowledge. While, therefore, they are greatly concerned over the rapidly deteriorating situation in the oil areas they have done their best to avoid imposing conditions on their acceptance of the Persian Government's invitation. But Mr. Harriman must appreciate that public opinion in this country is much exercised over the indignities to which a British company and British nationals are being subjected and would regard the despatch of an official mission to Tehran, headed by a senior British Minister, in present conditions as a complete surrender to the Persian Government's aggressive and intransigent tactics. It is therefore of the greatest importance that there should be a radical improvement in the situation before the mission starts, and we rely on him to use his utmost influence with the Persian Government in support of your own representations to secure this.

7. We have been greatly impressed by the recent telegrams from Seddon and Mason about the growing exasperation of the company's staff and fully appreciate the difficulty of inducing the staff in the fields to stay there. Mr. Harriman should be told about all this. The instructions in this telegram will make it necessary for the staff to hold the position a little longer, but we have no intention of prolonging the present situation a day longer than is necessary. In the meantime I hope that you and His Majesty's Consul-General at Khorramshahr, in conjunction with Seddon and Mason, will do everything possible to hold the position. The staff are of course in the front line for Britain, and while Ministers have full sympathy for them in their present difficulties it is the Ministers here who are best able to assess all the factors in this critical situation. At the same time the company's representatives should be asked as far as possible to refrain from further press interviews at the present juncture at which they may inevitably be led to make statements which may not be entirely in accordance with His Majesty's Government's policy.

8. No public statement on these decisions is being made to-day, but I propose to make a statement in Parliament as soon as possible.

EP 1016/28

88

ACTIVITIES OF THE TUDEH PARTY IN PERSIA

Mr. Middleton to Mr. Morrison. (Received 2nd August)

No. 216. Confidential) *Tehran,*
Sir, *30th July, 1951.*

In his telegram No. 869 of 16th July Sir Francis Shepherd reported the serious disorders which occurred in Tehran on 15th July, when a large Tudeh (Communist) demonstration came into conflict with counter demonstrators allied to the National Front and with the police. Official figures confirm that over ten people were killed and order was not restored until troops appeared on the scene with tanks. It is still not certain which of the various factions concerned started the fighting, but a Senator who is a member of an official Commission of Enquiry has stated that the Tudeh demonstrators were attacked by a group of 200 people whose political affiliations have not yet been established. It

seems almost certain however that these 200 people were in fact members or followers of Dr. Baqa'i's "Toilers Party" which formed the subject of Tehran Chancery's letter No. G 10101/220/51 of 25th June, or of roughs employed by that party. The Government however in view of their connection with Dr. Baqa'i are simply taking the line that "unpatriotic" elements are using the occasion for propaganda against them. They have also through their official spokesman accused the Anglo-Iranian Oil Company of having instigated the Tudeh Party to create disorders. It is freely admitted now in all circles that official measures to control the demonstration which had been announced several days beforehand were entirely inadequate and General Baqa'i (not to be confused with

Dr. Baqa'i mentioned above) has first been relieved of his appointment as Chief of Police (to which he was only appointed three days before the disorders) and then, after he had published a spirited defence and squarely put the responsibility on the Minister of the Interior, Dr. Mosaddiq personally gave orders that he be arraigned before a military tribunal. This hunt for a scapegoat and the very fact that such bloodshed should have been allowed to happen have undoubtedly weakened the Government's position.

2. These disorders provide a useful occasion for a survey of the activities of the Tudeh Party and its cover organisations in the two months which have passed since Sir Francis Shepherd's despatch No. 151 of 21st May, the attitude of the Government towards the party and the degree of support for or opposition to it. Generally speaking the Tudeh have continued in the course described in that despatch. The two principal cover organisations, the Partisans of Peace and Association for Struggle against Imperialist Companies have continued to stage, at least once a week, large demonstrations in Tehran with which the police have made no attempt to interfere. The clandestine publications of the Tudeh Party still circulate in considerable numbers and there are several licensed newspapers which closely follow the straight Tudeh line, particularly on foreign affairs.

3. The Tudeh have also been active in the provinces. Their greatest strength and success have been, as during the Tudeh heyday in 1946, in Isfahan, where unemployment, non-payment of wages and stoppages of work due to raw material shortages make an ideal breeding ground for communism. But the immediate danger there seems to have decreased somewhat owing to determined police action in making arrests and the re-opening, albeit precarious, of all but one of the textile factories. There have been demonstrations in Resht, Meshed and Shiraz; in the latter town, however, they have met with little success and the main Tudeh activity has been the publication of scurrilous anti-British newspapers, partly subsidised by the Qashqai Khans. Perhaps the most serious factor is the recrudescence of Tudeh activity in Azerbaijan, until recently a staunchly anti-Tudeh and anti-Russian province. In Tabriz there have recently been Tudeh-organised demonstrations every Friday.

4. The attitude of the Tudeh and its cover organisations to Dr. Mosaddiq's Govern-

ment has stiffened since the disorders of 15th July and the arrival of Mr. Harriman to mediate in the oil dispute. At the same time the clandestine Azerbaijan Demokrat radio has become increasingly critical of Dr. Mosaddiq and accuses him of being ready to compromise with American imperialism, which it affects to regard as more dangerous than the British variety.

5. Up till the disorders of 15th July the attitude of the Government remained one of connivance or impotence. Although Dr. Mosaddiq has not, as was freely forecast, legalised the Tudeh, he has released on bail three prominent Tudeh prisoners who had been sentenced to long terms of imprisonment in 1949: they are still at large and no retrial has yet been started. Similarly a Government commission has ordered the release of Tudeh agitators in Abadan where they were arrested after the strikes there last April and has obliged the A.I.O.C. to re-engage workers known as active Tudeh members who had been discharged by the company on that account.

6. Although the Government itself appeared unwilling to hinder the activity of the Tudeh and its cover organisations, Dr. Baqa'i's "Toilers Party" and other organisations associated with the National Front have carried on a campaign against the Tudeh and crypto-Tudeh organisations. Whether or no the Toilers Party took the initiative in attacking the Tudeh demonstration of 15th July, it certainly became involved in the fighting and it has also staged counter demonstrations in many of the provinces and on occasion interfered with Tudeh meetings. But it would be misleading to describe this organisation, though it is anti-Tudeh, as Right-wing; it must rather be regarded as a Government-sponsored organisation whose primary object is to lend active support to the nationalisation campaign. Later it will probably be used in support of Dr. Baqa'i's faction at the next elections when its influence will be near-Communist to judge by the published programme of the party which is as extreme in certain respects as that of the Tudeh itself.

7. There has thus been an apparent divergence of view between the National Front as embodied in the Government and its supporters outside. This divergence is perhaps reflected in a report from Abadan that the authorities there have forbidden there the establishment of a branch of Dr. Baqa'i's party in Khuzistan.

8. At first it appeared that the bloodshed of 15th July had caused Dr. Mosaddiq to reconsider his policy of passivity towards Tudeh activity. Martial law was at once imposed. Several of the crypto-Tudeh newspapers were suppressed and demonstrations ceased or were prevented by the police. But the Government did not try to secure Majlis approval for the prolongation of martial law beyond the statutory week for which it can be imposed without parliamentary sanction and the suppressed newspapers have been allowed to reappear. It thus seems likely that no decisively anti-Communist steps can be expected from Dr. Mosaddiq, and even if he takes temporary measures there can be no guarantee that he will not repeal them prematurely.

9. It must also be noted that if Dr. Mosaddiq or eventually his successor were to decide on an active campaign of Tudeh suppression the organisations at the disposal of the Government for so doing might well prove inadequate to the task, owing to Tudeh penetration. The army commanders appear genuinely anxious to suppress Tudeh activity, provided they do not incur popular disapproval by so doing and they demonstrated on 15th July that their troops were ready and able to restore order. But they have recently discovered that there is much Tudeh influence in the junior ranks. There is also increasing Tudeh penetration of the Ministries of Justice and Education and of the police. Thus the present Tudeh strength among students and schoolchildren, who have played a large and effective part in all the demonstrations, will continue, as will the penetration of the army by junior officers

fresh from the Tudeh atmosphere of Tehran University: the police will continue to be slow and incompetent in making arrests; and the Ministry of Justice will in existing circumstances remain unreliable in securing the condemnation of those arrested and will stick to its policy which has the approval of Dr. Mosaddiq of not proceeding against "minor" Tudeh members.

10. To sum up I would emphasise that the theory held in some quarters and particularly by the American Embassy that Dr. Mosaddiq's Government might at least prove a barrier to Tudeh activity is largely without foundation. Even under the impact of the bloodshed of 15th July when Government circles apparently feared at one moment that a Tudeh revolution was imminent it has shown little or no determination to suppress or even control the party's activities. Further, even if it should belatedly adopt a policy of suppression it is doubtful whether it could rely on the security forces to make such a policy effective. Nor is there any rival organisation capable of attracting any real volume of support away from the Tudeh. Finally and most important of all there will be increasing adhesions to the party among all those who will suffer from the economic stagnation in which the present Government by sacrificing the oil revenues and neglecting all useful activity, is involving this unhappy country.

11. I am sending a copy of this despatch to His Majesty's Ambassadors at Washington, Bagdad and Moscow and to the Head of the British Middle East Office, Cairo.

I have, &c.

G. H. MIDDLETON.

EP 1531/1256

No. 89

CONVERSATION BETWEEN THE SECRETARY OF STATE AND THE UNITED STATES AMBASSADOR

Anglo-Persian Oil Dispute : Mr. Harriman's Visit

Mr. Morrison to Sir O. Franks (Washington)

(No. 896. Secret)

Foreign Office,
31st July, 1951.

Sir,
The American Ambassador came to see me to-day and in the course of a conversation on other matters I referred to Mr. Harriman's visit to London. I said that I thought this had been useful and that Mr. Harriman had carried away with him a clear idea of the climate of British opinion.

I said that I had been somewhat taken aback by Mr. Harriman's announcing at a press conference that he would come to London before we had been able to give our approval; in fact, I had been doubtful of the wisdom of the visit, though in the event it had proved useful.

2. Mr. Gifford said that at the time he shared my doubts as to the advisability of

the visit but that he too believed that it had been a success.

3. I told the Ambassador that I was anxious to despatch the Mission under Mr. Stokes to Persia as soon as possible, and Mr. Gifford replied that he expected there would be a report from Mr. Harriman on 1st August.

4. I am sending copies of this despatch to His Majesty's Representatives at Tehran, Paris and Bagdad, to the Head of the British Middle East Office, and to the United Kingdom Delegation to the United Nations.

I am, &c.
HERBERT MORRISON.

EP 1531/1182

No. 90

ANGLO-PERSIAN OIL DISPUTE

To Her Majesty's Chargé d'Affaires (Tehran)

(No. 953. Confidential) *Foreign Office,*
August 1, 1951.
(Telegraphic)

Following is text of His Majesty's Government's message:—

His Majesty's Government have received through Mr. Harriman the Persian Government's formula for negotiation between His Majesty's Government on behalf of the Anglo-Iranian Oil Company, and the Persian Government, and for discussion of mutual interest to the two Governments.

His Majesty's Government are desirous of availing themselves of this formula and are prepared to negotiate in accordance with it, but it will be appreciated by the Persian Government that the negotiations, which His Majesty's Government for their part will enter into with the utmost goodwill, cannot be conducted in satisfactory manner unless the present atmosphere is relieved. On the assurance that the Persian Government recognise this fact and will enter into discussions in the same spirit, a mission

headed by a Cabinet Minister will immediately set out.

His Majesty's Government recognise on their own behalf, and on that of the company, the principle of the nationalisation of the oil industry in Persia.

Following is text of Persian Government's reply:—

The Iran Government is pleased that, in accordance with the formula submitted by Mr. Harriman, the British Government has recognised on its own behalf and on that of the former company the principle of nationalisation of the oil industry in Iran, and is sending mission to Iran to negotiate. The Iranian Government recognises the essentiality, in the interest of the success of the negotiations, of both Governments creating the best possible atmosphere, and will enter into negotiations in the same spirit of goodwill expressed by the British Government.

EP 1531/1347

No. 91

"8-POINT" PROPOSALS SUBMITTED ON 13th AUGUST, 1951

Outline of Suggestions submitted by the British Delegation without Prejudice to any Party concerned

1. The Anglo-Iranian Oil Company will transfer to the National Iranian Oil Company the whole of its installations, machinery, plant and stores in Iran. As regards the assets in southern Iran compensation by the National Iranian Oil Company to the Anglo-Iranian Oil Company would be included in the operating costs of the oil industry in the area. Compensation for the assets used in the past for distribution and marketing in Iran will be dealt with under

the separate arrangements suggested in paragraph 7 below.

2. A Purchasing Organisation will be formed in order to provide the assured outlet for Iranian oil which is the only basis upon which an oil industry of the magnitude of that of Iran could hope to maintain itself. This will be done by means of a long-term contract, say 25 years, with the National Iranian Oil Company for the purchase f.o.b.

of very large quantities of crude oil and products from southern Iran.

3. Apart from this arrangement the National Iranian Oil Company would be able to make additional sales of oil subject to the normal commercial provision that such sales should be effected in such a way as not to prejudice the interests of the Purchasing Organisation.

4. The Purchasing Organisation under the agreement will be placing at the disposal of the National Iranian Oil Company a world-wide transportation and marketing service, including one of the largest tanker fleets in the world, and will be entering into firm commitments with its customers for the fulfilment of which it will be relying on Iranian oil. It will, therefore, as a matter of normal commercial practice, have to assure itself that oil in the necessary quantities and qualities will come forward at the times required. In order to secure this objective the Purchasing Organisation will agree with the National Iranian Oil Company an Organisation which, under the authority of the National Iranian Oil Company, will manage on behalf of the National Iranian Oil Company the operations of searching for, producing, transporting, refining and loading oil within the area. The Purchasing Organisation will arrange from current proceeds the finance necessary to cover operating expenses.

5. In order that the proposed Purchasing Organisation can be induced to commit itself to the purchase of large quantities of Iranian oil over a long period of years, the commercial terms must be not less advantageous than the Purchasing Organisation would secure elsewhere either by purchase or development. In effect this means that

the Purchasing Organisation would buy the oil from the National Iranian Oil Company at commercial prices f.o.b. Iran less a price discount equal in the aggregate to the profit remaining to the National Iranian Oil Company after allowing for the discount and for the costs of making the oil available to the Purchasing Organisation.

6. In the event of the foregoing suggestions being accepted by the Iranian Government as a basis for the future operation of the oil industry in southern Iran it is suggested that they should be expanded into the Heads of an Agreement which could later be developed into a detailed purchasing arrangement between the Iranian Government and the proposed Purchasing Organisation. The Heads of Agreement would also provide for the immediate resumption of operation in southern Iran on an interim basis.

7. It is suggested that all the assets owned by the Kermanshah Petroleum Company, Limited, which produces and refines oil for consumption in Iran together with the installations, machinery, plant and movable assets of the Anglo-Iranian Oil Company which have been used in the past for distribution and marketing of refined products within Iran should be transferred to the Iranian Government on favourable terms.

8. There will be Iranian representation on the board of directors (or its equivalent) of the Operating Organisation, which will of course only employ non-Iranian staff to the extent that it finds necessary to do so for the efficiency of its operations. It will also offer its full co-operation to the National Iranian Oil Company in any programme of training on which the latter may wish to embark.

EP 1531/1356

No. 92

THE REPLY OF THE PERSIAN DELEGATION DATED 18th AUGUST, 1951, TO THE PROPOSALS OF THE BRITISH DELEGATION (WITHOUT PREJUDICE TO THE RIGHTS OF THE TWO PARTIES)

(No. 1151)
(Telegraphic)

The Persian delegation does not consider that the proposals for the future operation of the oil industry in the South, which the British delegation acting on behalf of the former oil company submitted to the Persian delegation conform to the definition of nationalisation of oil industry stipulated in Persian Law and which formed part of the

formula put forward by Mr. Harriman and accepted by His Majesty's Government and the former oil company.

According to this formula, nationalisation of oil industry is defined as meaning that all exploration, extraction and exploitation operations are in the hands of the Persian Government. But the principles proposed by the British delegation would not only take out of the hands of the Persian Govern-

ment a substantial part of the powers of management of the oil industry, but would also revive the former Anglo-Iranian Oil Company in a new form.

Leaving out certain minor points, the main headings proposed by the British delegation and arguments which are now put forward on various subjects are as follows:—

1. *Purchasing Organisation.*—In these proposals, the establishment of a Purchasing Organisation, for the export of Persia's oil, is envisaged. This organisation would enter into a long-term contract, say for twenty-five years, with the Persian National Oil Company. This organisation would buy Persian oil in very large quantities in such a way as to approximate to a monopoly.

Although provision is made in Article 3 of the British delegation's memorandum for the Persian National Oil Company to be able to engage in additional transactions for the sale of oil, nevertheless the condition is imposed that these transactions must be carried out in such a way that they shall not prejudice the interests of the Purchasing Organisation.

The Persian Government is ready to sell to England, on a basis of ordinary commercial contracts, oil products in the quantity which has been supplied in recent years for British consumption. The Persian Government cannot, however, accept a situation approximating to a monopoly for the sale of oil.

2. *Price of Oil and Division of Profits.*—In the British delegation's memorandum it is suggested that the Purchasing Organisation shall buy oil from the Persian National Oil Company at commercial Persian ports (f.o.b.) at prices subject to a discount in such a way that the Persian National Oil Company will receive, after payment of production expenses and amortisation of compensation, a residuary profit equivalent to profit accruing to the Purchasing Organisation, in consequence of this discount; in other words, that profit of Persian National Oil Company shall be divided 50-50 with the Purchasing Organisation.

The basis of a price discount and a division of profits is unacceptable to the Persian Government. In addition it does not accord with the normal commercial practice, because Purchasing Organisation which buys oil at Persian ports (f.o.b.) prices and takes into account its transport, insurance and distribution of costs, and its profits

at price in which it sells in consuming markets, has no further justification for requesting a discount on f.o.b. price in such a way that half the profits of production of oil should accrue to suggested Purchasing Organisation.

3. *The Operating Organisation.*—The third important point of British delegation's memorandum is that Purchasing Organisation will, in collaboration with National Iranian Oil Company, come to an agreement about the creation of an Operating Organisation. This organisation will, under the authority of the National Iranian Oil Company, administer operations of exploration, production, transportation, refining and shipment of oil in the area. The Persian Government will be represented in this organisation.

The Persian Government is convinced that such an organisation is clearly contrary to the principles of nationalisation of the oil industry, constituting a limitation of the sovereign rights of Persia and reviving former Anglo-Iranian Oil Company under a new guise. In addition, a similar proposal with minor differences, and even in a more favourable form, was submitted by the delegation of the former Anglo-Iranian Oil Company. This proposal was rejected by the Persian Government and this fact was set forth in fourth section of the formula presented to Mr. Harriman and submitted to the British Government.

The Persian Government is conscious of its need for the presence of experienced foreign specialists for the effective administration of oil. It also realises that it is necessary that these experts responsible for oil operations, which they will conduct for the Government and National Iranian Oil Company, should have authority and sufficient freedom of action in respect of executive and technical matters. The Persian Government will also give experts the necessary powers according to the laws and internal ordinances of Persia and in accordance with individual agreements which have been entered into with them. The Persian Government is not, however, prepared to hand over control of oil operations to a foreign organisation or to restrict sovereignty of Persia.

4. *Transfer of Company's Properties and Method of Payment of Compensation.*—In paragraph 1 of the British delegation's proposals it is provided that the former Anglo-Iranian Oil Company will transfer all its installations, machinery, apparatus and

equipment in Persia, to National Iranian Oil Company and, in the case of assets situated in South Persia, the compensation to be paid to the former Anglo-Iranian Oil Company by National Iranian Oil Company will be counted as part of expenses of running oil industry in that area.

In the case of assets of Kermanshah oil and similarly all installations, machinery, apparatus and movable property of the former Anglo-Iranian Oil Company, which in the past was used for marketing of refined products in Persia, it is provided in paragraph 7 that these properties will be transferred to the Persian Government on favourable terms.

As regards compensation, as has been explained repeatedly and is now stated again, the assets of the former company have been vested in the Persian Government

by virtue of law for nationalisation of Oil Industry. The Government is ready to investigate fully and fairly the just claims of the former Anglo-Iranian Oil Company, taking into consideration the claims which the Persian Government has against the company, and in respect of its assets in Persia and outside Persia, at last settling these claims after the rights of both parties have been established.

By the explanations which have been given, it is proved that proposal of British delegation is not consistent with the sense of the formula submitted by the Persian Government and if at least British delegation will consider objections and criticisms of the Persian delegation, this delegation, as it has repeatedly said and proved in practice, will welcome most warmly the continuation of negotiations.

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No. 93

MONTHLY REPORT FOR JULY 1951

Sir F. Shepherd to Mr. Younger. (Received August 22)

(No. 228. Confidential) *Tehran,*
Sir, *August 18, 1951.*

With reference to my despatch No. 195 of 9th July I have the honour to submit a report on political events in Persia during the month of July 1951.

Oil Nationalisation

2. The beginning of the month saw the departure—empty—from Abadan of the last of the tankers which had been waiting there in the hope of some agreement about the form of receipt to be given by tanker captains. Production at the refinery was further reduced progressively until on 31st July operations ceased altogether. Two members of the three-man delegation of the Mixed Oil Commission sent to supervise the take-over of the A.I.O.C., Dr. Matin Daftari and Mr. Ardalan, returned to Tehran on the 4th July but they left their extremist colleague Makki there to continue his interference in everything connected with the A.I.O.C. and his antagonising and humiliating of the British staff. He was joined for a time by a fellow extremist, Engineer Hasibi, the Government's oil expert, who was conducting to Abadan Dr. Carafa of the Italian nationalised oil company (AGIP). Dr. Carafa did his best to educate the Persian Government, as whose guest he had come to Persia, in the

oil facts of life but made no noticeable impression upon them.

3. On 5th July the International Court of Justice at The Hague, in response to an application by His Majesty's Government, issued an interim injunction on both parties to the Persian oil dispute not to take any action prejudicial to the rights of the other party and to ensure to the Anglo-Iranian Oil Company facilities to pursue activities considered normal prior to 1st May, 1951. The Court proposed the setting up of a supervisory council composed of two representatives from each Government concerned and a fifth representative to be a national of a country neutral in the dispute and chosen by the common consent of the two Governments. This council would ensure the continued operation of the industry and would be responsible for accounts, depositing with agreed banks all revenue after deduction of production costs and salaries. On 7th July I notified to the Minister for Foreign Affairs His Majesty's Government's acceptance of these recommendations and, on the Secretary of State's instructions, asked him to arrange for his Government to appoint their two representatives to the proposed council. Two days later, on the 9th July, Mr. Kazimi sent a long documents to the United Nations, with a copy to The Hague Court,

rejecting the Court's interference in Persia's internal sovereign affairs and withdrawing Persia's adherence to the "optional clause" which obliges signatories to accept the ruling of the Court whether they have referred the matter to the Court or not.

4. Having got off this rejection of The Hague Court's ruling and having had one of his frequent diplomatic illnesses on the previous day when Dr. Grady wished to see him, Dr. Mosaddiq was now able to receive the American Ambassador who bore a reply from President Truman to Dr. Mosaddiq's letter of 28th June. After expressing his extreme disquiet at the latest developments in the oil disputes, Mr. Truman urged Dr. Mosaddiq to accept The Hague Court's injunction and offered to send Mr. Averill Harriman to Tehran as his personal representative to consult with the Prime Minister on this urgent and delicate problem. Dr. Mosaddiq replied on the 11th July, mentioning that Mr. Truman's message had not been delivered until after the Persian Government had made known its rejection of the Court's injunction, but he welcomed the suggestion that Mr. Harriman should visit Persia to see conditions for himself. With commendable expedition Mr. Harriman arrived in Tehran on 15th July accompanied by his wife, Mr. Rountree of the State Department and Mr. Levy, a private oil expert.

5. Mr. Harriman's mission proved to be not so much a fact-finding as a fact-providing one. After an initial discouragement on meeting the stone-wall of Dr. Mosaddiq's intransigence and incomprehension, Mr. Harriman, with the tireless aid of Mr. Levy, devoted himself to the task of educating all possible other Persians in the facts of the international oil industry. A week of such talking encouraged Mr. Harriman to think that he might have made enough impression on responsible Persians for them to bring the Prime Minister round to a more reasonable attitude. This policy bore fruit on 23rd July when a sub-committee of the Mixed Oil Commission in company with the Ministers of Finance and Communications informed Mr. Harriman that in the event of His Majesty's Government on behalf of the Anglo-Iranian Oil Company recognising the principle of the nationalisation of the oil industry in Persia the Persian Government would be prepared to enter into negotiations with the representatives of His Majesty's Government on behalf of the company. This proposal was accompanied by a minute by the Persian

Cabinet which included an explanation of what was meant by the "principle of nationalisation" based on a proposal alleged to have been approved by the Majlis Oil Commission and confirmed by the law of 20th March, 1951. (It was in point of fact a proposal made by the National Front to the Oil Commission in November 1950 during its first life and never formally voted upon by the Commission.) This specified that "all operations for exploration, extraction and exploitation shall be in the hands of the Government."

6. During this time conditions for the British staff in Khuzistan had gone from bad to worse and His Majesty's Government were only restrained from announcing a general withdrawal of British staff from the oilfields by consideration for Mr. Harriman's firm view that such an announcement would seriously jeopardise his chances of bringing the Persians to the negotiating table. A steady evacuation of British employees rendered redundant was, however, taking place all this time. I had already made it clear to Mr. Harriman that His Majesty's Government would not accept negotiations before steps had been taken to restore the position in the south but when I showed him on the 27th July the note which the Secretary of State had instructed me to present to the Persian Government making particular mention of the vexations suffered by the British staff and asking for an end to be put to the interference with the company's operations, Mr. Harriman felt that this was sure to be rejected by the Persian Government and he therefore decided to fly to London to discuss the matter with His Majesty's Government. Mr. Harriman left for London the same night, 27th July, and I accompanied him.

7. As a result of discussions with Mr. Harriman a more innocuous formula satisfactory to both parties was evolved to enable negotiations to be resumed on a governmental level and the Secretary of State was therefore able to announce in Parliament on 30th July that as soon as certain points were settled a Mission headed by the Lord Privy Seal would leave for Tehran. At the same time the Secretary of State reaffirmed that His Majesty's Government had accepted the principle of nationalisation, a reaffirmation to which the Persian Government attached considerable importance. The note expressing His Majesty's Government's readiness to enter negotiations on the basis of the proposal

conveyed by Mr. Harriman was presented to the Minister for Foreign Affairs by my Counsellor on 3rd August and the Mission headed by the Lord Privy Seal arrived in Tehran the following day. I returned to Tehran in company with the Mission.

Internal Affairs

8. Opposition to Dr. Mosaddiq which had been mounting steadily since his summary rejection of the Anglo-Iranian Oil Company's proposals of 19th June was checked when it was known that Mr. Harriman was coming to Persia as President Truman's personal representative and again the majority of the politically-conscious felt that Dr. Mosaddiq should be supported, or at least not embarrassed, in this further occasion to settle the oil dispute equitably. Showing his usual nice sense of timing Dr. Mosaddiq took this moment to table personally in the Majlis three Bills for a 2,000 million rials internal loan, the temporary utilisation of £14 million of the note cover and the taking up of the \$25 million loan from the Export-Import Bank. Rather surprisingly, he chose to have debated first the one most likely to arouse opposition, that relating to the £14 million held in London as fiduciary backing. A number of Deputies who felt unable to attack Dr. Mosaddiq directly on the oil issue since he had to be given a chance of settling the matter with Mr. Harriman devoted themselves to obstructing the passage of this Bill and it was not until 29th July that the Government was able to have the Bill given its first reading by the Majlis. If the Bill is passed and the Government draws on the £14 million in question it will be able to cover its current budget deficit and also its foreign exchange requirements at least until the end of the year; otherwise its financial difficulties will quickly become acute.

9. The Government did not meet with much opposition to its proposal to extend martial law in Khuzistan for another two months from 26th July. Mr. Amir Ala'i, the Minister of National Economy and acting Governor-General of Khuzistan, returned to Tehran on 11th July and was replaced a few days later by Mr. Sarabandi, Director-General of the Ministry of Justice. Another change of Governor-General was that of Dr. Sajjadi in Isfahan who had never been *persona grata* to the National Front. He was replaced at the beginning of the month by Mr. Amini, a "majority" Deputy.

10. Coincident with the arrival of Mr. Harriman in Tehran and marking the fifth anniversary of the 1946 Abadan strikes the Society for the Struggle against Colonialist Oil Companies organised a demonstration in Tehran on 15th July. When the marchers entered the Majlis Square a clash occurred with members of Dr. Baqa'i's Toilers' Party and in the ensuing fighting in which weapons of all kinds were used, a number of people were killed. No official figures of casualties have been issued but it seems certain that at least twenty people were killed and well over 100 injured. The police showed themselves quite incapable of breaking up the fighting and order was only restored when troops with a number of tanks cleared the square. The Government was heavily attacked for its failure to foresee this event and take the necessary precautions but it seems that at least some of the Cabinet were privy to the fact that the Toilers' Party intended to attack the Tudeh on this occasion. The easy way out, however, was to find a scapegoat for the unfortunate occurrence and Major-General Baqa'i, who had been appointed Chief of Police three days before the incident, was dismissed for incompetence. When the general replied in an open letter to Dr. Mosaddiq that the Minister of the Interior, Major-General Zahidi, had made all dispositions for the demonstration of 15th July Dr. Mosaddiq took the unprecedented step of ordering the Minister of War to arraign General Baqa'i before a court martial, an action which had always been considered the prerogative of the Shah. No charge had, however, been preferred against General Baqa'i by the end of the month.

11. Also on 15th July and again on the 23rd members of the Fida'iyān-i-Islam demonstrated in the Ministry of Justice in favour of the release of their imprisoned brethren. As a result the Minister of the Interior agreed that all the imprisoned Fida'iyān, except their leader Navab Safavi, should be released.

12. The veteran politician and former Prime Minister Qavam-us-Saltaneh, returned to Tehran on 31st July from Switzerland where he had been having medical treatment.

Foreign Affairs

13. The Persian Government, closed its Consulate-General in Tel Aviv on 7th July. The Israelis have never been able to get the Persians to accept a properly accredited

representative in Tehran and therefore there was no need for reciprocal action by the Israeli Government. The closing of the Consulate-General is considered a victory for Kashani and for the cause of Muslim unity, the Arab Governments congratulating the Persian Government on its action.

14. The Indian Minister of Education, Maulana Abul Kalam Azad, paid an eleven-day visit to Persia from 7th July as the guest of the Persian Government. He delivered himself of several remarks in favour of the nationalisation of oil although he assured me that he meant us no harm.

15. Relations with foreign countries during the period under review were completely governed by the developments of the oil question. Thus Egypt and Poland became for a moment the objects of special friendliness because their judges at the International Court of Justice had submitted a minority report which was considered to uphold Persia's case. Less interest appeared to be shown in the foreign press (with the exception of the Russian press which carried articles supporting Persian nationalisation), no doubt because there was little sympathy displayed for Persia's recent actions.

The Shah

16. The Shah entered the Bank Melli Hospital on 4th July for the removal of his appendix and an open examination for any growth in the intestines. The appendix was successfully removed by the team of American doctors flown here for the purpose and no complications were found. With this clean bill of health it is hoped that the Shah will now feel able to take the positive action which is expected of him by several classes of society at this critical time. No great promise of such a lead had, however, been given by the end of the month.

17. I am sending a copy of this despatch to His Majesty's Ambassadors at Washington, Moscow and Bagdad; to Air Headquarters, Iraq, through His Majesty's Embassy at Bagdad; to the Commander-in-Chief, East Indies, and the Senior Naval Officer in the Persian Gulf; to the Political Resident in the Persian Gulf; to the United Kingdom High Commissioners at New Delhi and Karachi; to the Head of the British Middle East Office, Cairo; and to all His Majesty's Consular Officers in Persia.

I have, &c.

F. M. SHEPHERD.

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No. 94

LETTER FROM THE PERSIAN PRIME MINISTER TO THE LORD PRIVY SEAL, DATED 22nd AUGUST, 1951

No. 1196

(Telegraphic)

My dear Lord Privy Seal,

Concerning the carrying on of technical and administrative matters which you asked to be organised so that the British employees may continue their services, if you will give consideration to the views of the Imperial Government on question of sales and compensation, we will agree to the creation of a "management" organisation which would give full confidence.

1. View of the Persian Government regarding Solution of Problems arising from Nationalisation of the Oil Industry in Persia

Nationalisation of the oil industry in Persia and acceptance of it by His Majesty's Government, on behalf of itself and of the oil company, has given rise to three problems for which a solution must be found, namely, sale of oil to former

customers, use of foreign technicians, and fixing of compensation.

It is evident that this solution must reconcile on one hand the interests of the Persian Government and on the other the interests of the customers and shareholders of the former company within limits of the laws for nationalisation of the oil industry.

The Persian Government, after consultation with the Mixed Commission, suggests for discussion by British and Persian Delegations, the following solution with a view to obtaining this result.

2. Sale of Oil to Former Customers

In order not to prejudice the interests of former customers of Persian oil, the Persian Government will protect their right of purchase, even giving them preference over new customers. His Majesty's Government and other former customers of oil may avail themselves fully of this right and buy henceforth at fair international

price on basis of commercial agreements the same quantity of oil as they bought previously. Moreover, if after sale to former customers any oil is left over, former customers will have priority for the purchase of this surplus on same conditions.

Sale of products of National Iranian Oil Company will be f.o.b. Persian port.

National Iranian Oil Company is ready to conclude sales agreements with any of the former customers, and any of the former customers may take delivery of their oil either direct or through transportation and distribution agencies and companies. It is evident that former customers may appoint one or more transportation and distribution agencies as their agents for taking delivery of the quota of oil purchased by them.

3. Employment of Foreign Experts

National Iranian Oil Company will retain in their posts foreign experts with entire salaries and allowances which they enjoyed under the former oil company in accordance with their individual agreements. Also, in order that there should be no change in the organisation of the former oil company, and that the great oil industry should be in no way prejudiced, the whole of that organisation, as well as former administrative and technical arrangements will be preserved (in so far as they are consistent

with nationalisation), and all technical and administrative sections will be put into operation as before. These sections will be entrusted to foreign as well as home experts. In current and day-to-day business, sufficient authority will be accorded to the heads of these sections in order that they may be at liberty to carry out their duties properly.

In addition, in order that the National Iranian Oil Company should not fall short of the other oil companies of the world in respect of scientific progress, a sufficient number of first-class experts from countries with no special political interest in Iran shall be employed as members of the board of management.

4. Compensation

In matter of compensation, what has already been repeatedly explained is now restated, namely, that the Government is ready to come to an agreement with the former oil company about their claims and just demands on the company. This will be done after a thorough investigation of the claims of both sides.

It is clear that all of the above matters only form a basis for discussion and do not constitute any commitment by either side.

DR. MOHAMMAD MOSADDIQ.

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No. 95

ANGLO-PERSIAN OIL DISPUTE

(1)

Sir F. Shepherd to Mr. Morrison. (Received August 22)

(No. 1181)

(Telegraphic)

Dear Prime Minister,

This is to confirm that my eight-point proposal put forward as a basis of negotiation is withdrawn. Should you decide to accept before midday to-morrow

Tehran,

August 22, 1951.

the principles I outlined which would make it possible for British staff to remain in the refinery and oilfields, an aim which you yourself have said is necessary, I shall be prepared to resume discussions.

Yours sincerely,

LORD PRIVY SEAL.

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(2)

Sir F. Shepherd to Mr. Morrison. (Received August 22)

(No. 1182)

(Telegraphic)

My Dear Lord Privy Seal,

In reply to Your Excellency's private letter of to-day (August 21st), I would like

Tehran,

August 22, 1951.

to state that as has already been repeatedly declared, and Your Excellency is also well aware, the Persian Government is interested in continuing mutual discussions for the purpose of finding a satisfactory settlement.

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and since the Government is now engaged in drawing up and submitting its views concerning the attainment of an agreement, I request Your Excellency to clarify in writing the details of the principle to which reference is made in Your Excellency's

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(3)

Sir F. Shepherd to Mr. Morrison. (Received August 22)

(No. 1183) *Tehran,*
(Telegraphic) *August 22, 1951.*
My Dear Prime Minister,

At our two-hour meeting yesterday, I explained as clearly as I could the functions and responsibilities which would have to be carried out by an Operating Organisation or a General Manager in relation to the National Iranian Oil Company. You had yourself assured me that the British staff should by statute continue to carry out all functions and responsibilities which they have hitherto. It was all the greater surprise to me therefore when yesterday you were insistent on a division of responsibility which would make the efficient administration of the refinery and oilfields quite

impossible. I cannot emphasise too strongly that the fundamental condition in this respect is that British staff themselves should be fully satisfied that they are working for a management which is proved and efficient. They are free men, and if they are not so satisfied no agreement between our two Governments will keep them in Iran. I cannot believe that it is your intention to make it impossible for us to work out a businesslike arrangement which will enable British staff to continue to serve in Persia and to contribute to the prosperity of the country. I shall hope to hear from you before noon to-day.

Yours sincerely,
R. R. STOKES.

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No. 96

ANGLO-PERSIAN OIL DISPUTE

Sir F. Shepherd to Mr. Attlee. (Received August 29)

(No. 237. Confidential) *Tehran,*
Sir, *August 27, 1951.*

Considerable hopes were based on the combined efforts of Mr. Averell Harriman and the Lord Privy Seal in finding by personal discussion with the Persian Government some amicable and practical way of settling the oil question. Mr. Harriman arrived at Tehran on the 16th July and left on the 24th August. Mr. Stokes arrived on the 4th August and left on the 23rd August. The results of their visit were disappointing.

2. President Truman's offer to send his personal representative to Persia was couched in general terms, but the subsequent attitude of the Persian Government was foreshadowed in the Persian Prime Minister's reply in which he made it abundantly clear that he was only prepared to discuss the oil question on the basis of the nine-point law to which His Majesty's

Government had taken the strongest exception. Nevertheless Mr. Harriman arrived, accompanied by Mr. Walter Levy, a well-known oil expert, in the hope that patient explanations of the realities of the oil industry might lead to a modification of Persian intransigence. In this they were so far successful as to lead at the end of July to the despatch of a British Mission under the leadership of the Lord Privy Seal.

3. As a result of Mr. Harriman's efforts the terms of reference of this Mission were based on the nationalisation law of the 20th March and on the interpretation of it adopted by the National Front at the time. The law and the interpretation are attached as an annex. These documents provided as a basis for discussion the acceptance by His Majesty's Government of the principle of nationalisation but not any proposals for the implementation of that principle. The Persian Government's interpretation of how

the principle should be applied laid down that extraction, manufacture and exploitation should be in the hands of the Persian Government. The words "in the hands of" led to some discussion, and Mr. Harriman secured from the Persians an admission that this phrase could also be translated "under the authority of." It was agreed that efforts should be made to secure an atmosphere of goodwill during the negotiations, and indeed the Persians had previously made a point of stating that the arrival of a British Mission would of itself induce a greatly improved atmosphere.

4. Unfortunately, apart from a slight modification of the venomous tone of Tehran Radio, no attempt was made by the Government to improve the atmosphere either in Tehran or in the oil fields. The newspaper *Bakhtar-i-Imruz* controlled by the Under-Secretary to the Prime Minister, Mr. Fatimi, continued to be anti-British to a venomous degree, and the extremist Mr. Makki who had been the cause of a great deal of the tension in the south was sent back there after a short visit to Tehran. The British Mission was treated in the usual Persian manner with great personal friendliness and hospitality but this was never reflected in the actions or public activities of the Government.

5. Very soon after the arrival of the Mission, Dr. Mosaddiq made it clear that he was not prepared to accept the interpretation that the phrase "in the hands of" was equivalent to "under the authority of." This meant that the Persians were demanding direct control of branches of the oil industry which had hitherto been conducted by British experts, and this made it almost impossible from the start to expect any solution which would ensure satisfactory conditions for British employees.

6. Dr. Mosaddiq laid down three principles on which he was prepared to negotiate. These were:—

- (a) arrangements for the purchase by the United Kingdom of what oil she needed;
- (b) compensation;
- (c) arrangements for the continued employment of British technicians.

These principles were in fact based on the nine-point law and entailed a far more limited interpretation of the law of the 20th March than could be accepted by the British Delegation. The Lord Privy Seal for his part requested the Mixed Commission

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to agree to certain principles of his own. They were:—

- (1) that the only basis for a solution of the problem was co-operation between the two countries;
- (2) that the fundamental purpose of the present discussions was to construct the framework of a partnership for the efficient operation of the Iranian oil industry;
- (3) that the British staff who were responsible for running the industry were not prepared to work directly under any administrative organisation which they did not regard as proved and experienced and had made it clear that this meant that the day-to-day management of the industry must be in British hands.

(In this connection Mr. Stokes said that British operational management did not of course mean that overall control of general policy would not be Iranian. He added that the British delegation readily agreed that during the period of partnership between the two countries every effort should be made to train Iranian staff capable of running the industry.)

7. It would seem that the principle that co-operation between the two countries was desirable was axiomatic but it is characteristic of the state of mind of the Persians that the Mixed Commission found great difficulty in agreeing to it. This was due partly to the fact that the commission itself was practically deprived of any powers of negotiation and partly because they were suspicious that the word "co-operation" might be interpreted as meaning an application to the conduct of the oil industry of British direction to an extent which would not be covered by the nine-point nationalisation law. It soon became apparent in fact that the commission had so limited an authority that shortly before talks were broken off it was decided that any further discussion should be held between Mr. Stokes, Mr. Harriman and Dr. Mosaddiq only.

8. The initiation of discussions with the Mixed Commission was also marked by an extreme sensitiveness with regard to the press. The commission openly betrayed their suspicion that an early inaccuracy on the part of the press had resulted from

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deliberate misinterpretation on the part of the British Delegation, and this type of suspicion dogged the entire proceedings. It did not however prevent Engineer Hasibi, the technical adviser to the commission, from giving a series of undesirable interviews to the press in which he foretold that the discussions would be barren because of British intransigence.

9. It was in this atmosphere that the Lord Privy Seal put forward proposals consisting of eight points for the consideration of the Persian Delegation. Although he requested that no publicity should be given to these proposals until he had had an opportunity of explaining them, their substance was disclosed to the press the same evening and their acceptability as a basis of negotiation was prejudiced by criticism before any explanations could be given. The Persians in fact rejected the proposals without examining them in detail on the ground that they did not come within the terms of reference of the Mission and the Harriman formula. The proposals had in fact been drawn up in consultation with Mr. Harriman and Mr. Levy and the greatest care had been taken to make sure that they came within the formula and that they were approved by the Americans. Mr. Harriman himself was incensed at the Persian reply and in a statement to a joint meeting of the delegations he stated categorically that in his opinion the proposals came within the formula and provided a suitable basis for negotiation. He complained in strong terms that the Persians seemed to have paid no attention to the representations that he had made in a spirit of honesty during the previous five weeks and he added that he was not prepared to remain in Persia if his advice was ignored.

10. This marked in effect the end of the delegations' meetings but a number of discussions were subsequently held between Dr. Mosaddiq and the British and American leaders. Although Dr. Mosaddiq declared himself anxious to come to a solution these discussions did not lead to any really concrete advance. There did appear to be some sign that Dr. Mosaddiq would be prepared to modify his insistence on concluding separate contracts with countries desiring to purchase Persian oil but these indications remained very vague. The Prime Minister remained adamant on questions connected with the employment of British technicians and he maintained his determination to prevent the existence of

any organisation which would in any way resemble the former Anglo-Iranian framework. The Persians in fact refused to recognise that British subjects would not be prepared to work for the Persian Government and that some predominantly British organisation was essential if they were to remain. It was on this point that negotiations were broken off.

11. The course of the negotiations showed clearly that the present Persian Government were not prepared to retreat from their determination to apply the nine-point law to the principle of nationalisation. It seems fairly clear that Dr. Mosaddiq only agreed with strong mental reservations to the terms of reference of the Stokes Mission, and that he counted on using American influence with the British Delegation to secure concessions beyond those which the British Delegation's terms of reference permitted. The Persians continued all through to cherish the idea that there existed Anglo-American differences in this matter and to attempt to profit from them. The manner in which the negotiations were suspended rather tended to give colour to this idea and to indicate that the British Government were prepared to make further concessions provided some solution of the difficulties with regard to the employment of British staff were found. Mr. Harriman appeared to have been justified in complaining that the Persians had not benefited as they should from the technical advice that had been given them, and it did not seem that they were prepared to take into account either the human factor presented by the need for large numbers of British technicians or the need for fitting the sale of Persian oil into the existing world oil organisation.

12. I am sending copies of this despatch to His Majesty's Ambassadors at Washington, Paris, Bagdad, Ankara, and Moscow, to the Head of the British Middle East Office at Cairo and to the United Kingdom Delegation at New York.

I have, &c.

F. M. SHEPHERD.

Enclosure in No. 96

Following is text of Majlis resolution.

In view of the fact that among the proposals received by the Oil Committee the proposal of nationalising the oil industry throughout the country has been considered

and accepted by the committee and since the time left for the studying and the execution of this principle is not adequate the special oil committee request the Majlis to grant an extension of two months for this purpose.

Single Article. The Majlis confirms the decision taken by the Oil Committee on March 8, 1951, and agrees to the extension of its term.

Note 1. The Oil Committee is authorised to co-opt local and foreign experts where necessary.

Note 2. The Deputies have the right to submit their proposals and views to the committee within 15 days after its forma-

tion and to attend the meetings of the committee for the purpose of giving explanations.

This law consisting of one article, two notes and the Oil Committee's decision was approved by the Majlis on March 15, 1951. Signed Riza Hikmat, Speaker of the Majlis.

2. Following is text of Senate resolution. The Senate confirms the resolution of the Special Oil Committee of 8th March which was confirmed by the Majlis in its session of 15th March.

3. Persian word used to describe the resolution is that usually applied to measures proposed by private members as opposed to those sponsored by Government.

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No. 97

ANGLO-PERSIAN OIL DISPUTE

Sir F. Shepherd (Tehran)

(No. 1109, Confidential) *Foreign Office.*
(Telegraphic) *August 28, 1951.*

Ministers have now considered the situation and discussed it with Mr. Harriman, who leaves London to-night for Paris and Germany *en route* for Washington.

2. Mr. Harriman made the following points:—

(a) He thought that the Lord Privy Seal's discussions had to some extent weakened the rigidity of Mosaddiq's attitude, but that no agreement could be reached with Mosaddiq so long as he was surrounded by his present advisers. We ought now to deal with the Shah, who was a stable influence and intelligent but required stiffening, preferably by encouragement rather than coercion.

(b) For the present the situation should be allowed to simmer. His Majesty's Government and the United States Government should closely concert their appreciations and attitude with a view to continuing the education of the Persians on the realities of the oil situation, and working on them to come forward with more reasonable proposals. If the situation deteriorated, we should endeavour to show that this was manifestly the fault of the Persians.

(c) He thought that it would be preferable when the time came to make a fresh

start rather than to revert to documents which had already caused controversy. The 8-Point Plan had been prematurely published and had been misunderstood.

(d) Persia's economic situation was bad. Capital projects were being suspended for lack of funds, and there had been a poor harvest. He could not, however, foreshadow how soon this situation would have political repercussions.

(e) He thought that the Shah could bring about a change of Prime Ministers but would require the support of both public opinion and the army. The latter could be counted upon to support him unless there was a strong contrary wave of public opinion. He understood that the Shah had impressed on the Persian Chief-of-Staff the need to ensure security.

3. Mr. Harriman was informed that it might be necessary at some stage to suspend payment of the Persian workers in Abadan, since such payments could not continue indefinitely. It might also be necessary in the course of the next few days to put into operation the measures referred to in paragraphs 7 and 8 of my telegram No. 1078 of 23rd August which would not be economic sanctions or retaliation but measures to protect the economic position of the United Kingdom. He agreed that

the former step might be necessary, but as regards the latter confined himself to expressing the view that anything like economic sanctions or military pressure would stiffen the Persians, and that it would be better not to represent any measure we might take as being directed against Mosaddiq. In either case he thought we ought to inform the Shah in advance.

4. Mr. Harriman thought it would be a mistake to resume discussion with the Persians merely on the basis of a formula about the employment of British staff. There must first be progress towards the solution of the problem as a whole. In particular the relationship between the payment of compensation and the division of profits on a 50-50 basis would have to be clearly explained, perhaps by means of a letter from you to the Shah. We shall be telegraphing further on this point.

5. Mr. Harriman stated that he had made it quite clear to the Persians that the United States Government were not prepared to save them from their folly.

6. In the light of these discussions, it has been decided that:—

(a) The economic measures referred to above will be suspended for a few days pending further consideration by Ministers in the light of any subsequent developments in Tehran.

(b) No further approach will be made to the Persians unless and until some positive development occurs.

(c) Publicity will continue on the lines already indicated in my telegram No. 1105 of 28th August.

7. You will no doubt keep us informed of developments and will keep in as close touch as possible with Grady.

EP 1015/296

No. 98

PERSIAN POLITICAL SITUATION

Sir F. Shepherd to Mr. Morrison. (Received August 29)

(No. 1248. Confidential) *Tehran,*
(Telegraphic) *August 29, 1951.*

Persian political situation.

The position of Mosaddiq and his Government has weakened over the last few days. The main causes are the departure of Messrs. Stokes and Harriman and the imminence of the elections.

2. The Prime Minister has for some months maintained his position by claiming that if given support he could continue to force the British back and extract ever greater concessions from them; the departure of Stokes shattered this dream for many Deputies, senators and newspaper-writers; over the last two days Mosaddiq has to some extent regained lost ground in the matter of oil thanks to press reports from London that new British proposals and perhaps a new British Mission were on their way. Nevertheless on balance Mosaddiq has lost ground on the oil issue since the departure of Stokes and Harriman and there is a growing realisation reflected in the daily press that his reckless policy in the matter of the oil industry means economic and eventually political disaster for the Persian people. It is perhaps necessary to add that most of the Deputies and Senators hold no set views for or against Stokes's proposals.

3. They are, however, becoming more and more convinced that Mosaddiq intends to keep the oil question unsettled in order that he may still be in office when the election formalities begin on 24th September and may be able to remain there until the term of the present Majlis expires and a new Majlis, packed with National Front and Kashani Deputies, comes into being. The National Front and Kashani are already believed to have an agreed list of Deputies who will be returned for about half the constituencies and are thought to be working on a complete list. The appointment to Governorates-General of Fars, Khorassan, Mazanderan and Gilan of the new Governors-General, who are either subservient to the National Front or nonentities, published on 25th August, is generally regarded as a move designed to secure the officials who will either help or at least not obstruct the National Front's election plans, and indignation at this was responsible for much of the anti-Government feeling revealed in the Majlis on 26th August. The majority of the present Deputies do not expect to return to the Majlis if the next elections are rigged by the National Front and are determined if possible to bring Mosaddiq down before the elections start. The thing which would be effective in

preventing them from achieving this object is that Mosaddiq should be able to hold out some hope of the British making another approach to him over the oil question.

4. I submit that it is not in our interests to take any action which might contribute

to the survival, perhaps for a long time, of a Government which has shown its total indifference to economic needs of Persia and has already inflicted severe damage on the economic interests of the British people.

EP 1015/305

No. 99

PUBLIC OPINION AND DR. MOSADDIQ

Sir F. Shepherd to Mr. Morrison

(No. 244. Confidential) *Tehran,*
Sir, *September 4, 1951.*

At this critical moment it may be useful to assess the state of public opinion with regard to Dr. Mosaddiq and his Government with special reference to the belief held in some quarters that Mosaddiq is the centre of a widespread, coherent and positive movement of national regeneration and that his departure from office at this stage of the oil question would have dangerous reactions.

2. It seems clear that Dr. Mosaddiq himself, aided by clever propaganda, has captured the imagination of the Persian people to a considerable extent. There are very good reasons for this which can only be understood in the light of a knowledge of Persian history and the Persian character. To begin with, unlike all other Prime Ministers since 1923, Mosaddiq is not an obvious nominee of the Shah or of one or another great Power. Secondly, he has done something which is always dear to Persian hearts: he has flouted the authority of a great Power and a great foreign interest and he has gone a long way towards damaging the prestige of the first and the prosperity of the second. He has cleverly exploited the latent resentment against the Anglo-Iranian Oil Company, on which I reported in my despatch No. 333 (G153/2/2/214/50) of the 13th November, 1950. Thirdly, although the present wave of anti-British feeling is, in my view, considerably less violent than the wave of anti-Russian feeling which swept Persia in 1947 and 1948, it differs from it in two respects: it does not enjoy the overt support of any great Power and is therefore regarded as of Persian creation; it presents an easy target at which the Government and its propaganda machine can direct their shafts. (It will, of course, be recalled that once the Russians had failed in Azarbaijan and had been denied the creation of a Soviet-Persian oil

company in north Persia, they had no important overt interests or ambitions in Persia to form a target for Persian xenophobia.)

3. But while the initial popularity of Mosaddiq's negative achievements, coupled with the effect of his frail and ailing figure on those many Persians in whom a strain of sentimental mysticism still runs, must be accepted, I believe that as a movement the National Front is largely devoid of positive content. It has not taken any firm hold on the small minority which can be said to possess any political consciousness. It is true that many wealthy reactionaries initially welcomed Mosaddiq's promises that he would obtain a flood of wealth from nationalised oil, since they hoped that if life could in this way be made easier for the mass of the people the pressure on the rich to accept unwelcome reforms would diminish. Very few, if any, of the officials who are not direct nominees of the present Government are under any illusions about its sincerity or about its ability or desire to govern the country in the interests of the people. The workers' own representatives, the leaders of the independent trade unions, regard Mosaddiq and his Government as being just as oppressive and indifferent to their interests as any other Persian Government of recent years. Why, it may well be asked, if the great majority of sensible people have no faith in Mosaddiq's practical ability have they not thrown him out long ago? Why has he been given vote of confidence after vote of confidence in both Houses? The principal reason is the highly-efficient system of organised terrorisation of Senators and Deputies which has been in operation since the end of 1949 (see my despatch No. 95 G10101/77/51 of the 15th March, 1951); it operated steadily in the period leading to the rejection by the Majlis of the Supplementary Agreement and subsequently when the oil question was under

discussion in the Majlis Oil Commission. It reached its culmination in the murder of Razmara. Since then it has been common for Opposition Deputies to receive letters threatening their lives. Although the effect of intimidation is now wearing off slightly since none of the National Front's opponents have recently suffered physical violence, there subsists among Deputies and Senators a very real anxiety not to provoke the National Front if it can possibly be avoided. The reason for the generally pusillanimous attitude lies, in my opinion, in the age-old tendency of the Persians to take the line of least resistance, particularly when there is no one to give them a lead. It is also connected with the curious nature of Persian patriotism which makes it almost a matter of taste not to come out into the open against something which has been described, however inaccurately, as nationalism (compare paragraph 2 of my despatch No. 95 of the 15th March G10101/77/51 referred to above).

4. My appreciation is, therefore, that Dr. Mosaddiq is personally popular and has succeeded in making himself a symbol of the Persian conception of nationalism (which has a strong element of xenophobia) and that, by clever propaganda his followers have tried, and to some extent succeeded, in building up a picture of a coherent and positive movement of national regeneration. For the reasons given above, I believe this picture to be a false one and any policy based on it will, therefore, in my opinion, be mistaken.

5. I do not think that Dr. Mosaddiq himself has any strong illusions about the vitality of his movement. I may be excused for relating an incident in which the wife of the American Ambassador in a burst of not unwonted enthusiasm congratulated the Prime Minister on the spirit which animated the Persian nation and expressed the hope that it would continue and increase. To this Dr. Mosaddiq replied "Vous voulez que je traîne la question du pétrole?" The movement is to my mind one of a series which began with the constitutional movement in 1906. The later activities of Raza Shah consolidated authority in the country, broke the power of the mullahs and introduced Western methods. The existing movement is a not very successful manifestation of the desire of the Persian people to exhibit to the world some capacity for applying the Western methods which the two former movements

initiated. It is very far from being a Persian renaissance for which we shall have to wait a good deal longer.

6. The failure of the Government to nationalise the oil in any practical manner and to inflict a resounding defeat on the British Cabinet mission has now given pause to all but the extremist supporters of Dr. Mosaddiq. All moderate political opinion is now beginning to realise the consequences to Persia of the complete cessation of oil exports and the almost complete stoppage of the Persian oil industry. The indifference of the present Government to internal administration and the condition of the people is clear to all. It is realised that in the country the authority of the Government is at a low ebb and that in the Government departments such discipline as normally exists has almost vanished. Nepotism, especially in the interests of Kashani and his friends, is rife; corruption, on a scale equal to anything in recent Persian history, is alleged against such leading figures of the National Front as Dr. Fatimi and Makki; this last point is particularly damaging for the National Front since the need for replacing the corrupt old gang with good and patriotic new men was one of its principal lines of propaganda when in Opposition. There is, therefore, now a good prospect that the Opposition will shortly overturn the present Government. The one factor which is under foreign control and which might cause the present Government to remain in power is that Britain and the United States might give the impression that they support Dr. Mosaddiq because they believe in him as a national leader at the head of a coherent and positive nationalist movement. It now seems clear that His Majesty's Government for their part will certainly not provide Dr. Mosaddiq with their support.

7. It may also at this time be worth while considering some of the consequences other than the economic ruin of the country should National Front government continue in power. If the National Front extremists felt satisfied that the Opposition had been successfully scotched it is probable that they would get rid of Dr. Mosaddiq by violent or other means once, with the help of his personal popularity, they had packed the 17th Majlis with their own people. This might mean the appointment as Prime Minister of one of the extremists and a great increase in the power and influence of such persons as Kashani. A state of chaos would follow of which the Russians could

be expected to take the fullest advantage. It should, I think, be remembered that of all the so-called national movements which have taken place in Persia since 1906, the one which sank deepest into the minds of the people was that organised by the Tudeh Party in 1946. It is true that the organisation and financing of the Tudeh Party were the work of the Russians, but the Tudeh Party was initially by no means regarded by the people as anti-Persian and it had a widespread positive appeal to the masses. The events of 1946 did much to destroy the belief of Persian Left-wing reformers in the Soviet Government and to discredit the Tudeh with Persian opinion by showing up the party as the obedient tool of the Soviet Government, but the dislike of the ruling

classes remains and given the necessary confusion, Soviet leadership and influence could quickly be re-established. If the National Front remains in nominal power it would not be difficult for the Russians to find means of establishing something on the lines of a nationalist Socialist Party which would have a wide appeal to the masses and would eventually come completely under Soviet control.

8. I am sending copies of this despatch to His Majesty's Ambassadors at Washington, Moscow and Bagdad, to the British Middle East Office at Cairo, to the United Kingdom Delegation at New York, and to all Consuls in Persia.

I have, &c.

F. M. SHEPHERD.

EP 1157/21

No. 100

ANGLO-PERSIAN OIL DISPUTE

To Sir F. Shepherd (Tehran)

(No. 1181. Confidential) *Foreign Office, September 12, 1951.*

In addition to the Export Control Order governing the supply of scarce commodities

to Persia, it has been decided to requisition certain cargoes of steel rails, rail fittings and sugar at present en route for Persia. Details of these cargoes are as follows:—

Quantity in tons	Product	Name of ship	Present whereabouts
2,600	Steel rails and sleepers	Baharistan	Basra
1,500	Sugar and rail fittings	Avristan	Kuwait
80			
260	Steel rails and sleepers	Floristan	Kuwait
500	Sugar	City of Norwich	Basra

2. Requisition notices are being served on the owners of these vessels who will then inform the Masters. Arrangements are

being made to return the cargoes to the United Kingdom.

3. Bahrain please inform Kuwait.

EP 1024/1

No. 101

ANGLO-PERSIAN OIL DISPUTE

Sir O. Franks to Mr. Morrison. (Received September 13)

(No. 929. Secret) *Washington, September 11, 1951.*

Following from Secretary of State.

Bipartite Talks. Item 2. Alignment of United States and United Kingdom in the Middle East.

Persia

2. I opened the discussion by saying how much His Majesty's Government appreciated the efforts which Mr. Harriman had

made to facilitate a solution of the Persian problem. I know from Mr. Stokes' report how well they had worked together. He had been unsparing in his efforts and if they had failed for the time being, it was through no fault of his, but because we were dealing with completely unreasonable people. The problem however now was what to do next. In our view, the only hope of an improvement in the situation lay in a change of government in Persia. I then asked

Mr. Harriman whether he, for his part, had anything further to report.

3. Mr. Harriman said that as a result of his visit to Persia he had reached the conclusion that it was impossible to make a deal with Mosaddiq and his advisers.

4. Mr. Harriman then said, however, that he thought that there was a grave danger that the United States and United Kingdom Governments might be getting quite different appreciations of the situation from their respective embassies in Tehran. He felt that it was most important to try and get these two Embassies to work more closely together. In any case, if there were differences in the appreciations given by the two Embassies, the State Department and Foreign Office should exchange information on the subject so that both might know what picture the other was receiving from its mission in Tehran. Mr. Harriman evidently attached great importance to this idea since he reverted to it several times in the course of the discussion.

5. He then went on to say that he was deeply disturbed at the instructions which he understood we were sending to His Majesty's Ambassador in Tehran to press the Shah to dismiss Mosaddiq and to replace him by Sayed Zia. None of the Americans on the spot and none of the Persians, to whom he had talked (including the Shah) believed that Sayed Zia was capable of ruling. The United States Government did not believe that matters would in fact be improved by a sudden change of government. Indeed they feared that such a change might only render the situation yet more explosive and he personally felt that the instructions which we had sent to Sir F. Shepherd were calculated to worsen rather than to improve matters. He agreed that the possibility of a change of government might be discussed with the Shah, but without pressing him as to timing or as to any particular successor to Mosaddiq. He could not recommend that the United States Ambassador at Tehran should be instructed to support the action to be taken by Sir F. Shepherd. I said that it was clear that our advisers on the spot took a different view of the probable course of events from that held by the American representatives in Tehran, and there might well be advantage in our adopting Mr. Harriman's suggestion for closer co-operation between the two Embassies. I would consider it. However this was a long-term question and the problem which faced us at the moment was

what to do next. Had Mr. Harriman any suggestions on this point. We were faced with a situation in which the Persians were trying to take over British property worth more than £300 million without proper discussion or giving any compensation worth the name. Persia at the present time had no effective government and she needed one badly. It seemed to us that the only way of establishing such a government was for the Shah to use the special powers which he held under the Constitution. Moreover, the Persian economy was in a chaotic condition and this was not likely to be improved by the measures which we ourselves were having to take to protect our own economy.

6. I made it plain that (although we hoped that it would not be necessary), if the Persians were to take active steps to expel our nationals from Abadan, a serious situation would arise.

7. At this point, Mr. Acheson intervened to say that the views of the United States Government could be summed up as follows:—

- (a) It was impossible to force a quick solution of the Persian problem.
- (b) They strongly advised us to make the support of the Shah the central point of our policy.
- (c) For their part they would take no steps which might give the Persians the impression that the United States supported them or were at variance with the United Kingdom, and he promised the United States Government would find ways not to proceed at present with projected United States loan to Persia.
- (d) On the other hand, the United States did not believe that it would be wise to abandon their programmes of military and agricultural assistance. They did not consider that these programmes would have any effect on the present financial situation in Persia.
- (e) The United States Government would continue to hammer home to the Persians on all possible occasions that Persia could not hope to solve the oil problem except by agreement with the United Kingdom and that they could expect no help from the United States or from anybody else unless they were prepared to co-operate with us.

(f) As regards the "serious situation" to which I had referred, it was the hope of the United States Government that His Majesty's Government would not proceed to any military measures except:—

- (i) to save British lives which were in danger;
- (ii) in the event of a Communist government taking over;

The United States Government would view with grave concern the taking of military measures against a Persian Government which was still under the Shah and which was not Communist. Indeed, they did not think that there was any vigorous action which could be taken without worsening the situation.

8. I said we had no wish to be provocative, but in our view we had gone as far as we possibly could and indeed we might have gone almost too far in the direction of conciliation and in making concessions. It was a grave precedent to allow the Persians to take over this vast property without so much as a by-your-leave, and without any compensation. Such a precedent might have the most unfortunate effect in other parts of the Middle East. Indeed, there was already

talk in Egypt of expropriating the Suez Canal.

9. After a short discussion on possible replacements for Mosaddiq, in the course of which it became clear that Harriman himself appeared to favour Qavam, His Majesty's Ambassador suggested that there were really three separate points at issue. These were:—

- (a) The long-term problem created by the different appreciations of the situation by the American and British Embassies in Tehran.
- (b) The impossibility of dealing with Mosaddiq. In this connection, he noted that Mr. Harriman agreed that Mosaddiq was impossible, but also thought that there was a possibility that the Government might change and did not object to the idea of discussion of this possibility with the Shah.
- (c) The instructions which we were sending to Sir F. Shepherd were designed to provoke an immediate change.

10. There was very little further discussion of this item, but it was agreed that it should be taken up again next day if in the meantime Mr. Harriman had received the message from Mosaddiq.

11. See also my telegram No. 2879.

EP 1015/314

No. 102

RESIDENCE PERMITS OF OIL COMPANY EMPLOYEES

Sir F. Shepherd to Mr. Morrison. (Received September 12)

(No. 1328. Confidential) *Tehran.*
(Telegraphic) *September 12, 1951.*

I saw the Shah at 7 p.m. last night and read the message (copy by bag) consisting of paragraphs 3 (a), (b), (c), (d) and 5 of your telegram No. 1119. After paragraph 3 (c) I added the first sentence of your telegram No. 1158. After paragraph 5 I added the following, based on your telegram No. 1137:—

"The statement of Dr. Mosaddiq that his Government contemplates withdrawal of residence permits of all company employees in Abadan emphasises the dangers of the course which Dr. Mosaddiq is following, and makes it clear that it is now essential

that steps should be taken to summon a more reasonable Government in the immediate future."

Message ended with the following words:—

"It has now become necessary for His Majesty's Government to take certain measures designed to protect their own economy against the effects of the present situation in Persia. These measures [group undecypherable] constitute retaliation or sanctions against Persia, but it cannot be concealed that they might have a further prejudicial effect on Persian economy. These measures could, of course, be revoked in the event of an acceptable settlement of the oil question being in sight."

2. I also handed him a copy of the official announcement contained in your telegram No. 1158 and a copy of my note to the Minister for Foreign Affairs yesterday advising the Persian Government of the application of economic measures in terms

of your telegram No. 1150 substituting "breakdown" for "suspension" in the first sentence.

3. Comments in my immediately following telegram.

EP 1015/315

No. 103

PERSIAN POLITICAL SITUATION

Sir F. Shepherd to Mr. Morrison. (Received September 12)

(No. 1329. Confidential) Tehran.
(Telegraphic) September 12, 1951.

The Shah was as gentle and friendly as usual but his expression while listening to the message was quite ferocious and made me think of his father. If this means anything it is a good sign. He arrived direct from the airfield a few minutes after I reached the palace and was obviously out of touch with details of developments while he was away. I thought it best to leave him to digest the message without launching into discussions and asked if I could see him again in a day or so. I will try and arrange this for to-morrow or, if that is not possible,

Saturday. I mentioned no names of possible successor to Mosaddiq.

2. The Shah was evidently [group undecypherable] account for Mosaddiq's actions and doubted whether his (Shah's) influence would be sufficiently strong to counter intimidation of the Deputies by the Government. Unfortunately there are signs that Mosaddiq is aware of the strength of the opposition and is taking steps to counter it by personal intimidation and organisation of public demonstrations. The opposition are organising their own strong arm [group undecypherable] but their forces are probably the weaker.

EP 1531/1594

No. 104

LETTER FROM THE PERSIAN PRIME MINISTER TO MR. HARRIMAN, DATED 12th SEPTEMBER, 1951

(No. 257)

Dear Mr. Harriman,

The Saheb Gharanich Conference which came into existence as the result of your Excellency's endeavours and good will and in which Iran Government and people had lodged their complete faith unfortunately did not produce desirable results. Subsequent to this, Mr. Stokes and your Excellency left Iran on 22nd and 24th August, respectively, and the negotiations were declared suspended in spite of the fact that in my last meeting with Mr. Stokes I gave him in writing viewpoints of the Imperial Iranian Government and he promised to give due consideration to the same and inform me about his views from London. While the Iranian Government expected that negotiations would be started on the basis of the viewpoints submitted to him, unfortunately, we have been kept in suspense up to the present. It is even said they are expecting new proposals from us

in London. This state of suspense which has lasted has become intolerable.

Since your Excellency, representing the President of the United States, has arranged negotiations between Iran on one hand and the British Government representing the former Anglo-Iranian Oil Company on the other and on your departure from Tehran and later in London and Washington had kindly proposed your voluntary co-operation, hence the Iranian Government ventures to offer present proposals through your Excellency with a request to their immediate transmission to the British Government as representative of the former Anglo-Iranian Oil Company. First, as your Excellency is well aware, the main point of difference which had appeared during the last days of negotiations concerned itself with the management of the National Iranian Oil Company. Mr. Stokes suggested that either an operating agency or a British general director should have charge of the

management of the oil industry in the south of Iran. While the Iranian Government could not give its accord to such a proposal because, according to the formula which had been submitted by your Excellency to the British Government and both the Iranian and British Governments had agreed with the same, it was obvious that all exploration, extraction and exploitation activities should be in the hands of the Iranian Government and to accept any proposal contrary to the said formula would be looked upon as submission to revival of the former Anglo-Iranian Oil Company under new guise.

The Iranian Government does not deny the fact of its need of a foreign technical staff and also the fact that such technical men need to have sufficient autonomy and liberty of action which would be conducive to the best management of the industry. The former Anglo-Iranian Oil Company was divided into various departments having at the head of each department foreign experts with necessary and proper liberty of action. The Iranian Government has in mind to keep the same original staff in so far as it does not contradict the terms of the Nationalisation Law and employ managers and responsibilities of technical sections in the National Iranian Oil Company with the same amount of authority which they have enjoyed previously. Furthermore, in order to keep pace with the technical advancements of the modern world in line with oil technology, the Imperial Iranian Government is prepared to take advantage of expert knowledge of foreign technicians from neutral countries and provide in the original law of the National Iranian Oil Company the existence of a mixed executive board composed of such experts and Iranian specialists who would jointly manage administrative and technical affairs of the National Iranian Oil Company.

Secondly, while it has been repeatedly stated that the Iranian Government has never intended and is not intending to confiscate properties of the former company, yet, it proposes the following three methods of equitable settlement of just claims of the former Anglo-Iranian Oil Company with due regard to claims of the Imperial Iranian Government:—

- (a) Determination and amount of compensation to be based on quoted value of shares of the former company at prevailing quotations prior

to the passage of the Oil Nationalisation Law.

- (b) Rules and regulations relative to the nationalisation in general which have been followed in democratic countries to be regarded as basis for the determination and amount of compensation.
- (c) Or any other method which may be adopted by mutual consent of the two parties.

Thirdly, with reference to the sale of oil, as we have been informed, Britain has been using about 10 million tons of Iranian oil per year for its internal consumption, the Iranian Government declares its readiness to sell this amount of oil for a period agreed upon by mutual consent of both parties every year at prevailing international prices on basis of f.o.b. value in Iranian port.

Fourthly, one of the proposals of Mr. Stokes was to transport Iranian oil by the company which he proposed. It must be said that we can agree to deliver a fixed amount of oil which is sold to Great Britain to any company or transport agency of their designation. Aforesaid points are to be regarded as basis for starting new negotiations and the Iranian Government hopes eventually that an agreement may be reached.

The Iranian Government and the people can no longer tolerate this state of suspense because on one hand there are a great number of British experts in Abadan who are prevented by the former Anglo-Iranian Oil Company to be employed by the National Iranian Oil Company and the Iranian Government; therefore, with all its good intentions and expectations to arrive at a mutually satisfactory conclusion has so far abstained from employing experts from other countries. On the other hand, so long as existing differences have not been removed and certain employees of the former Anglo-Iranian Oil Company cause new agitation every day and create misunderstandings in relations between the two Governments of Great Britain and Iran, it is quite obvious that other countries will not be ready to send their experts to Iran and enter into transactions for purchase of oil with us. It must be pointed out that as a result, this confused state of affairs and derangements in economic and financial affairs of the country in addition to enormous maintenance costs of the oil industry imposed on our budget, we cannot endure such a situation for a long time and the

Iranian Government, because of its great responsibility, deems it necessary to bring to a close this period of uncertainty. Hence, if in the lapse of fifteen days from the date at which this present proposal is submitted to the British Government no satisfactory

conclusion is achieved, the Imperial Iranian Government regrets to state its compulsion to cancel the residence permits held by the British staff and experts now residing in southern oil fields.

DR. MOHAMMAD MOSADDIQ.

EP 1015/320

No. 105

PERSIAN POLITICAL SITUATION

Sir F. Shepherd to Mr. Morrison. (Received September 15)

(No. 1343) *Tehran,*
(Telegraphic) *September 15, 1951.*

Headquarters of Sayyid Zia's National Will Party was opened in one of main streets of Tehran yesterday evening. Admission was by invitation and none were sent to Senators or Deputies. Over 1,000 people present. Meeting was well organised and orderly which complied with tone of Sayyid's opening speech [? group omitted] gave impression of power.

2. Sayyid referred to cessation of activities by party six years ago and to recent requests for resumption of activities. Country was faced with many dangers of which most important was loss of personal freedom. Government was depriving people of freedom of speech and freedom to differ. Object of party was, everything for people and everything by people. Free speech for everybody and free thought for everybody.

EP 1015/332

No. 106

ANGLO-PERSIAN OIL DISPUTE

Sir F. Shepherd to Mr. Morrison. (Received September 20)

(No. 252. Confidential) *Tehran,*
Sir, *September 14, 1951.*

I have the honour to transmit herewith the text of the message which I read to His Imperial Majesty the Shah on September 11.

2. I left with His Imperial Majesty at the same time a copy of my note to the Ministry of Foreign Affairs regarding the economic measures taken by His Majesty's Government. The Shah had only that moment returned from ten days' holiday and as these communications were rather long and he showed a desire to study the message, I left him the copy I had with me which I had purposely brought in draft form so as to make it clear that the message was verbal and not written. The Shah promised to return the draft in a day or so when he expected to receive me again.

I have, &c.

F. M. SHEPHERD

Enclosure in No. 107

Enclosure to Tehran despatch No. 252 of 14th September, 1951, to Foreign Office

Some time has now elapsed since the departure of the Lord Privy Seal's Mission. During that time Dr. Mosaddiq had not failed to put forward any constructive proposals for the settlement of the oil question but has been attempting to represent the statement handed to the Lord Privy Seal before he left as "new proposals" which called for a reply from His Majesty's Government.

This is not of course the case and His Majesty's Government could not consider a resumption of negotiations unless and until some new proposals are put forward from the Persian side which appear likely to form the basis of an acceptable settlement. Furthermore they could not consider

sending a further mission to Tehran unless and until the Persians had demonstrated in preliminary discussions that they are in fact prepared to reach a reasonable settlement.

Dr. Mosaddiq's attitude from the moment of his taking office until now has given no real grounds for believing that he is willing to show that spirit of reason and goodwill without which no settlement is possible or that he is even capable of doing so. His recent speech in the Senate shows conclusively that no further negotiations with the present Persian Government can produce any result.

The actions of the present Government are fast ruining the economy of the country and threaten if continued to create those conditions of which the Tudeh Party can best take advantage.

His Majesty's Government have therefore reluctantly come to the conclusion that it will not be possible to negotiate a settlement so long as Dr. Mosaddiq remains in power. They therefore urge His Majesty to consider seriously whether the interests of his country do not demand that he should now take resolute action to replace this régime by one more capable of pursuing those interests. His Majesty may be sure that once this had been done and a new Government had given evidence of a desire to deal with the oil question on a reasonable basis His Majesty's Government would not be slow to respond.

The Lord Privy Seal had hoped that his own sudden departure followed immediately by that of Mr. Harriman would

have shaken Dr. Mosaddiq into a more realistic frame of mind. It evidently has not done so and though reluctant the Lord Privy Seal agrees that the course we now propose is the only sensible alternative. The statement of Dr. Mosaddiq that his Government contemplates the withdrawal of the residence permits of all company employees in Abadan emphasises the dangers of the course which Dr. Mosaddiq is following and makes it clear that it is now essential that steps should be taken to summon a more reasonable Government in the immediate future.

His Majesty's Government are impressed with the disadvantages of the appointment of a reactionary Prime Minister and are convinced that the best interests of Iran would be served by the appointment of someone possessed of the will and ability to get the oil flowing again and to reach a reasonable oil settlement, and also to adopt the long-term policy of development and reform which is essential to Persia's future stability.

It has now become necessary for His Majesty's Government to take certain measures designed to protect their own economy against the effects of the present situation in Persia. These measures in no way constitute retaliation or sanctions against Persia but it cannot be concealed that they might have a further prejudicial effect on Persian economy. These measures could, of course, be revoked in the event of an acceptable settlement of the oil question being in sight.

EP 1531/1594

No. 107

LETTER FROM MR. HARRIMAN TO THE PERSIAN PRIME MINISTER. DATED 15th SEPTEMBER, 1951

(No. 257)

Dear Mr. Prime Minister,

Your Excellency's message of 12th September, 1951, has been communicated to me by the Iranian Ambassador. I share your regret that the discussions between the Iranian Government and the British delegation under Lord Privy Seal Stokes did not culminate in an agreement upon a settlement of the oil controversy. I know that the continued interruption of the production and shipment of Iranian oil imposes a very considerable hardship upon the economy of Iran as it does upon the

economy of Great Britain. The United States and the entire free world looked anxiously upon these discussions in the hope that some solution could be found which would satisfy the legitimate interests of both parties.

I assure your Excellency that I continue to stand ready to assist in any way that I can in finding a just solution. In my efforts thus far I have endeavoured to be frank and objective in the advice that I have given to the Iranian Government, as well as to the British Government. It is in this objective and a friendly spirit, and in an effort to be

helpful to you in arriving at a settlement, that I should like to comment upon the substance of your communication.

With reference to the proposals in general, I should say at the outset that they appear to be the same as the proposals made by the Iranian Government during the course of the negotiations in Tehran, which the British Mission did not accept since they did not conform to practical and commercial aspects of the international oil industry. In some respects the proposals in fact represent a retrogression from the positions taken during the discussions.

Your Excellency has suggested that the various departments of the Anglo-Iranian Oil Company be retained, in so far as this does not conflict with the terms of the Nationalisation Law, and that the managers and other responsible personnel of the technical sections be employed in the National Iranian Oil Company with the same authority which they enjoyed previously. You have also stated that the Iranian Government is prepared to create a mixed executive board composed of Iranian and neutral foreign technicians who would jointly manage the administrative and technical affairs of the National Iranian Oil Company.

In discussing this possibility during the negotiations in Tehran, I endeavoured to point out to the Iranian representatives the impracticability of attempting to operate a large and complex industry on the basis of a number of section heads reporting to a board of directors, with no single individual being given executive authority. I believe that no organisation can operate effectively in this manner and I understand Mr. Stoke's position in Tehran to be that the British would not consider it workable. Moreover, I have pointed out that effective operations, particularly of a refinery of the size and complexity of that in Abadan, require the employment of an integrated organisation rather than the employment of individual foreign specialists. Competent technicians would not themselves consent to employment except under conditions satisfactory to them. Such conditions would include assurance that the industry was under capable management and operated in a manner which would assure safety and efficiency.

Your Excellency has expressed concern that the arrangement for the operation of the oil industry must take into account the requirements of the Nationalisation Law. I am convinced that arrangements are

possible which would meet this objective and at the same time would assure that the oil industry is conducted on an efficient basis. During our visit in Tehran Mr. Levy and I discussed with Iranian officials arrangements under which a competent organisation could be employed to operate under the control of the National Iranian Oil Company. Such arrangements are a common business practice throughout the world.

Your Excellency has reiterated that the Iranian Government has not intended and does not intend to confiscate the property of the Anglo-Iranian Oil Company and has suggested methods for the determination of the amount of compensation.

While I have no comments upon your suggestions for determining the value of the assets, it is obvious that payment of compensation must depend upon and will be affected by arrangements for the efficient operation of the oil industry to assure that the products continue to be made available for sale to world markets. As I have pointed out to your Excellency, in the view of the United States Government, the seizure by any Government of foreign-owned assets without either prompt, adequate and effective compensation or alternative arrangements satisfactory to the former owners is, regardless of the intent, confiscation rather than nationalisation. There must be more than a willingness to pay; there must be the ability to do so in an effective form. I believe, however, that if arrangements for the sale of oil are made with the British interests the compensation problem could be worked out satisfactorily and that the net oil income accruing to Iran could be as large as that of any other oil-producing country under comparable circumstances.

Your Excellency has stated that the Iranian Government is prepared to sell to the British 10 million tons of oil per year, this quantity representing an estimate of Iranian oil previously used in Great Britain. It is specified that sales would be at prevailing international prices on the basis of the f.o.b. value at Iranian ports. It is also stated that this oil would be delivered to any company or transport agency designated by the British.

As I pointed out to your Excellency in Tehran, in order to be assured of continuous sales of substantial quantities of its oil in world markets Iran must make arrangements with customers that can make available large transportation and distribution

facilities for marketing it on a world-wide basis. Potential customers would not make such arrangements unless they could obtain Iranian oil on a basis as favourable as that on which they could buy or develop oil in other producing countries. This, of course, is a practical business consideration. It is also true that only those who have developed markets for Iranian oil are in a position to commit themselves for its purchase in the large quantities produced.

The production of Iranian oil before the present controversy arose amounted to some 30 million tons per year. The major portion of this production was handled by British concerns and affiliates which have developed markets for it throughout the world. Only they have the great transportation facilities needed to carry the oil from Iran to its markets, where only they have the necessary distribution facilities for it. Arrangements, including financial terms, for the sale of only that portion of the oil which previously went to Great Britain would leave the problem of shipping to and distribution in other parts of the world unsolved, and would force the British interests to develop other sources of supply.

During the negotiations in Tehran the Iranian Government indicated its willingness to consider a long-term contract for the sale of Iranian oil to an organisation acting on behalf of former purchasers of the products. Under this suggestion, that portion of the industry's output which was not covered by this contract could be sold directly by the National Iranian Oil Company to its own customers. Your Excellency's present suggestion would indicate that there has been a change in this position.

Your Excellency, in pointing out that the suspension of negotiations with the British and the shut down of the Iranian oil industry have created a serious situation in Iran, has stated that if a satisfactory conclu-

sion is not achieved within fifteen days from the date on which your proposal is submitted to the British Government the Iranian Government intends to cancel the residence permits held by the British staff and experts now residing in the southern oil fields.

As I pointed out to your Excellency, the proposals which you have set forth in your communication do not represent an advance from the positions taken in the discussions in Tehran and in some respects appear to be the opposite. I believe that the problem with which Iran and Great Britain are confronted can be settled only by negotiations based upon recognition of the practical business and technical aspects of the oil industry and based upon mutual goodwill between the parties. Such a settlement which would attain Iranian aspirations for control of the oil industry within Iran is, I am convinced, possible and feasible in accordance with the discussions we have had in Tehran and the comments I have made. However, I consider that my passing your communication to the British Government would militate against a settlement, particularly in view of the position taken regarding the expulsion of the British employees in Southern Iran, a position which I believe will only further aggravate an already serious situation.

As a sincere friend of Iran, I earnestly hope that your Excellency will reconsider the points set forth in your communication and that a basis can be developed under which negotiations can soon be resumed. I want to tell your Excellency how much I appreciate your communicating with me on this matter. As stated earlier, I am anxious to be as helpful as circumstances permit, but for the reasons I have set forth I regret that it is not possible for me to meet your request in this particular instance.

W. AVERELL HARRIMAN.

EP 1013/38

No. 108

POLITICAL SITUATION IN PERSIA

Sir F. Shepherd to Mr. Younger. (Received September 20)

(No. 254)
Sir,

Tehran,
September 16, 1951.

With reference to my despatch No. 228

47935

of 18th August, I have the honour to submit a report on political events in Persia during the month of August 1951.

N*

Oil Nationalisation

2. The British Government Mission headed by the Lord Privy Seal, Mr. Stokes, arrived in Tehran on 4th August to discuss with the Persian Government the implementation of the nationalisation of the oil industry as it affected British interests. A delegation from the Anglo-Iranian Oil Company, headed by Mr. Elkington who had accompanied the Jackson delegation in June, arrived in Tehran on the same day in order to advise the governmental mission as necessary. The course of the negotiations leading to their suspension on 22nd August and the departure of both British delegates the following day has been fully recorded in my despatch No. 237 of 27th August, 1951, and it is here only necessary for me to say that when negotiations with the Persians were begun in earnest after a visit by Mr. Stokes to Abadan on 7th-8th August, it quickly became apparent that the Persian negotiating team, headed by the Minister of Finance, could do nothing without reference back to the Persian Prime Minister, and that Dr. Mosaddiq himself had only accepted the Harriman formula with strong mental reservations which precluded his departing in any way from the provisions of the nine-article law of 2nd May as he understood them or indeed from taking any step towards meeting Mr. Stokes on common ground. Despite these inauspicious signs the Lord Privy Seal, in consultation with Mr. Harriman and the latter's technical adviser, Mr. Levy, drew up and submitted to the Persian delegation on 13th August a set of proposals which came to be known as his eight points, and which consisted of an outline of a possible arrangement for a solution of the oil question in accordance with the desires of both parties.

3. Mr. Stokes's eight points provided for the transfer to the National Iranian Oil Company against compensation of all the Anglo-Iranian Oil Company's installations, the setting up of a Purchasing Organisation to purchase Persian oil f.o.b. Persian port for a suggested period of twenty-five years at the commercial price less an amount equal to the profit made by the National Iranian Oil Company after the deduction of this and production costs, and the provision by the Purchasing Organisation of an operating agency to run the prospecting, transportation and refining of oil on behalf of the National Iranian Oil Company. After these proposals had been publicly rejected by Government spokesman the

Persian delegation on 18th August gave the Government's official reply, which amounted to a rejection on the grounds that the eight points were contrary to the Harriman formula and to the principle of nationalisation. This assertion was strongly rebutted by Mr. Harriman at joint meeting of the delegations the following morning, and in an attempt to keep the negotiations going recourse was had to tripartite meetings between Mr. Stokes, Mr. Harriman and Dr. Mosaddiq. The Persian Prime Minister however, remained immovable and made it clear that, as he had stated months before, he was only prepared to discuss the purchase of oil required for British consumption, compensation in settlement of the just claims of the Anglo-Iranian Oil Company and the continued employment of the British technicians. To discover conclusively whether Dr. Mosaddiq had any real desire for a settlement, Mr. Stokes withdrew his proposals and concentrated on the last of Dr. Mosaddiq's three points. He suggested the formation of a British management organisation which would employ and administer the British technicians, but which would be responsible to the National Iranian Oil Company. When this was rejected he suggested a single British Managing Director responsible for the administration of the technical side of the industry, but even this was unacceptable to Dr. Mosaddiq despite Mr. Stokes's reiterated statements that the British technicians would not agree to work except under an efficient, responsible and British management. On this point the negotiations finally broke down or, as it was agreed to say at the time, were suspended. Amid expressions of friendliness and goodwill which were not echoed in the Persian press, Mr. Stokes left Tehran on 23rd August. Mr. Harriman left during the night of 24th-25th August.

4. During this time Dr. Mosaddiq had been at some pains to carry Parliament with him and ensure that as far as possible it accepted responsibility for the decisions which he took or failed to take. Thus at the very beginning of the month the Mixed Oil Commission, that useful body which associated the legislature with the executive in a "supervisory" capacity (witness Mr. Makki's "supervision" in Khuzistan), asked for a further three months of existence as the span of life allotted to it under the law of 2nd May had come to an end. The negotiating body of two Senators

and two Deputies drawn from the commission which had helped to evolve the Harriman formula was made part of the Persian delegation to the talks with the Lord Privy Seal. The report of the Mixed Oil Commission was read to both Houses in the first days of the month and Dr. Mosaddiq himself reported to both Houses on the very day and on the morrow of Mr. Stokes's arrival. He did not at this juncture ask for a vote of confidence; that came on 22nd August, the day of the breakdown of the negotiations, when he summoned both Houses consecutively and obtained from them votes of confidence authorising him to continue negotiations.

5. On 13th August Dr. Matin Daftari introduced a retroactive "anti-sabotage" Bill directed against those "sabotaging" or conducting propaganda against oil nationalisation. If passed, this Bill would have made it impossible for British staff to remain in Abadan, but no more had been heard of it by the end of the month.

6. The breakdown of the negotiations and the departure of Messrs. Stokes and Harriman, came as a shock to most Persians and anger and misgivings at Dr. Mosaddiq's failure to carry on the talks, for which purpose the vote of confidence was said to have been given to him, were forcibly expressed at the weekly meeting of the Majlis on 26th August by Mr. Jamal Imami who had originally proposed Dr. Mosaddiq for the premiership but who is now the leader of the opposition to him. The Senate twice during the remaining days of the month summoned Dr. Mosaddiq to appear before it but on grounds first of ill-health and then of the death of a relative he was refrained from obeying the summons. The close of the month thus found Dr. Mosaddiq's hold on Parliament and public opinion much less strong than at the beginning when he was able to silence the Opposition by pointing to the presence of Messrs. Harriman and Stokes. It was by no means apparent that Dr. Mosaddiq had been as clever as he had promised to be over the handling of the oil question, and there was considerable apprehension as to the future in store for Persia.

7. Nor was Dr. Mosaddiq's Government any stronger in itself. The Minister of the Interior, General Zahidi, resigned at the beginning of the month as a result of the criticisms levelled against him over the 15th July disturbances. His portfolio was taken over by the Minister of National Economy, Mr. Amir Ala'i, the unbalanced

nationalisation enthusiast, while the Ministry of National Economy remained vacant. On 20th August Mr. Hai'at, the Minister of Justice, was nominated a Senator by the Shah and vacated his office, which has not been filled. A few days after the departure of Messrs. Stokes and Harriman, Mr. Bushihri, the Minister of Roads and their official host, suffered a heart attack and was away ill at the end of the month.

8. A strange collection of four new Governors-General—one prominent member of the National Front, one ex-Minister for whom the National Front has never had any love and two colourless persons—was presented to the Shah on 26th August, and on the same day Mr. Sa'id was recalled from the Persian Embassy at Ankara. There are thus only two pre-Mosaddiq Governors-General left (in Azerbaijan and Kerman), and the Government has marked the breakdown of the oil talks by depriving of their offices Messrs. Sa'id and Gulshayan (Governor-General of Fars), the two persons most closely associated with the abhorred Gass-Gulshayan Supplemental Oil Agreement of 1949.

9. Internal security was rather better during the month. In Tehran public demonstrations were forbidden except in a square on the eastern outskirts of the town. Although a number of Fida'iyan-i-Islam were released at the beginning of the month, a score of them were arrested on 17th August when they attempted to demonstrate near the Masjid-i-Shah in the south of the town. A new Chief of Police, Major-General Muzayini, was appointed on 21st August; he is believed to be the personal choice of the Shah, Dr. Mosaddiq pleading disinterestedness in such a matter. The labour situation in Isfahan was somewhat calmer, but it is bound to remain disturbed as there is no prospect of any real improvement in the operation of the textile industry. Elsewhere unemployment tended to increase especially in Khuzistan. The Government announced ambitious and largely impractical schemes for the redeployment of labour in that province.

10. Rather surprisingly in view of the growing discontent with the Government and the manifest uneasiness over the breakdown of the oil talks, the Shah decided to leave Tehran on 30th August to take a holiday in the mountains near the Caspian.

11. Financially the Government found some relief from growing embarrassment by securing the passage of a law authorising the borrowing of up to £14 million from the sterling currency cover for the period of one year. £2 million was drawn at the end of the month and the rial proceeds enabled most arrears of salary and wage payments to be cleared off while the foreign exchange provided means of financing imports of essential goods.

Foreign Affairs

12. All foreign affairs paled into insignificance by the side of the oil question and relations with foreign countries were as heretofore determined by their attitude to the Persian oil question. Relations with Afghanistan assumed a brighter aspect as a result of the arrival in Tehran of two Afghan Ministers to negotiate the sale of Persian oil products to Afghanistan.

13. The United States Ambassador, Dr. Grady, soon to be replaced, saw Dr. Mosaddiq on 30th August and this naturally gave rise to reports that he was assuming

Mr. Harriman's mantle of mediator. The attitude of Government supporters remains that they would welcome American mediation if it helps Persia, but they deprecate anything which savours of Anglo-American "ganging-up" against Persia. The Opposition's attitude is that the oil question is one best settled by direct negotiation between the two parties concerned without the intervention of a third.

14. I am sending a copy of this despatch to His Majesty's Ambassadors at Washington, Moscow and Bagdad; to Air Headquarters, Iraq, through His Majesty's Embassy at Bagdad; to the Commander-in-Chief, East Indies, and the Senior Naval Officer in the Persian Gulf; to the Political Resident in the Persian Gulf; to the United Kingdom High Commissioners at New Delhi and Karachi; to the Head of the British Middle East Office, Cairo; and to all His Majesty's Consular Officers in Persia.

I have, &c.

F. M. SHEPHERD.

EP 1015/333

No. 109

ANGLO-PERSIAN OIL DISPUTE

Sir F. Shepherd to Mr. Morrison. (Received September 20)

(No. 255. Confidential) *Tehran, September 18, 1951.*

I have the honour to report that I was received by the Shah at 5 p.m. on September 17. He told me that he had seen Mr. Harriman's reply to the Persian Prime Minister. He said he had seen Dr. Mosaddiq for two hours yesterday and discussed the situation. He thought that Mosaddiq was now desperate and was anxious to make an agreement. He had offered to the Shah to agree to the purchase by His Majesty's Government of 15 million tons of oil a year, and the Purchasing Organisation would be allowed to place orders for Iranian oil from any other purchasers. He was prepared to agree to a British general manager who would be responsible for operations on Persian soil and would sign the contracts of the foreign technical staff. He would also, I gathered, be responsible for the placing of orders, though it was not clear whether those were orders for routine supplies or what the scope of his authority would be. The Shah said that he thought they were very substantial

advances and formed the basis for further discussions.

2. He went on to say that the situation in the country was serious and he was apprehensive of the consequences of trying to get rid of the present Government. His information was that public feeling in the country was strong, and he did not think that any alternative Government would be able to run counter to Mosaddiq's propaganda and popularity. He did not think that counter-propaganda would be very effective and a change of Government might give rise to disturbances. He had to look at the matter from the point of view of possible consequences. A new Government would have to deal with the extremists and put some of them in gaol. Could he rely on the police? He was not sure. Mosaddiq in his desperation might raise the populace and the Shah was not sure whether the soldiers would obey orders if they were told to fire upon a crowd. Furthermore, any agreement about oil reached with an alternative Government would be subject to criticism over a period of years that it

had been imposed by force. In view of all these circumstances he thought the opportunity should be taken of making another attempt to reach an agreement with the present Government.

3. I made the following points:—

(a) His Majesty was aware of the efforts we had made to come to an agreement with the Mosaddiq Government, and I had given him an official message from my Government which set forth our point of view. He would have seen from that that we had no further hope of reaching agreement with the Mosaddiq Government and that we considered a change of Government in the very near future to be essential.

(b) The opposition to the Mosaddiq Government was growing. It must be very rare in the history of the country that the Opposition should on three consecutive occasions have refused a quorum. It was clear that the Opposition were only awaiting word from His Majesty as to the composition of the next Government before voting this Government out. The Shah evinced scepticism on this point and said that even supporters of the two possible Prime Ministerial successors had spoken to him of the dangers of defeating the present Government.

(c) I emphasised that the existing Government was disastrous for the country. They had announced the completion of the nationalisation of the oil industry but had only succeeded in destroying it. I traced the broadening of the anti-British and anti-European attacks made by Mosaddiq and referred to the undesirable character of his extremist associates.

(d) I pointed out that we had on two occasions sent delegations to Iran both of which had been rebuffed. We had no intention of sending another. Dr. Mosaddiq had himself in his last speech to the Majlis admitted in advance that he had had no hope that negotiations with the Stokes Mission would have any success but he had nevertheless allowed it to come. He had agreed to a formula with Mr. Harriman and then gone back on it when the mission arrived. Neither my Government nor myself had any

confidence in the good faith of the Mosaddiq Government, and it had been our experience that every time he came out with what appeared to be an improvement on a previous offer the apparent advance was illusory. I was pretty sure that this was the case with his present suggestions and I had not the slightest confidence that it would lead to anything. Whenever the situation became difficult Mosaddiq resorted to manoeuvres which were designed to save time, and I thought this was merely another of these.

(e) I had referred to the increasing opposition to Mosaddiq, but this opposition would not persist if there were no prospect of success. If Mosaddiq were able to claim that fresh negotiations were being started with the British this would discourage opposition, and the country would be saddled with a disastrous Government for some considerable time.

(f) The situation of the country was deteriorating quickly, and it was essential to take advantage at once of the feeling of opposition to the Government. My own opinion was that the time for action had come and that it should take place this week.

4. The Shah returned several times to the dangers of bringing about a change of Government and the prospect offered by Mosaddiq's proposals of fruitful negotiations. I repeated the above points several times with great emphasis and added that in any case public opinion in Great Britain would be strongly against the reopening of negotiations with the Mosaddiq Government. I said to the Shah that there were two possible successors. Did he not think that either of them would be able to control the situation? The Shah said he was not in the least convinced that they would and that in his position he was not entitled to take unnecessary risks. If he thought the risk was justifiable he would take it but he was not at present convinced. I referred to the need for a Government which would institute the reforms which were needed in the country. His Majesty had given an example which had not been followed and it was essential that there should be a Government which would give effect to the sort of policy which he himself

had always advocated. Sayyid Zia had now formed a party which ought to have the effect of drawing away from the Tudeh Party those people who were discontented but who saw no prospect of improvement under Governments of the type which had recently been in power. If the Tudeh menace were to be combated it was essential that there should be a Government which should give hope to the people and I knew of no statesman, apart from Sayyid Zia, who could produce this effect.

5. The Shah returned on several occasions to the actual proposals which Mosaddiq had made and suggested that I should see him. I pointed out that the moment I went to see Mosaddiq it would be noised abroad that we were resuming negotiations and the opposition would be discouraged. The Shah then suggested either that I should send somebody to see Mosaddiq or that I might accept His Majesty's assurances that these proposals were genuine. I said that there was the greatest objection to His Majesty intervening in this matter; it would be very embarrassing for him and it would

drag him into the political arena. Furthermore I had no confidence that Mosaddiq would not break faith with His Majesty as he had done already with us. The furthest I could go was that if Mosaddiq had any new proposals he should make them to us in writing. If he did so they would of course receive consideration. I reiterated, however, that I suspected this move to be precisely the same as other moves made by Mosaddiq and it was merely designed to gain time and to discourage the opposition. All these points were argued back and forth a number of times and eventually the Shah said he would see whether Mosaddiq would make the proposals in writing. He expected to see him to-day and would let me know at once.

6. I did not disguise my dissatisfaction with this approach and pressed the Shah as hard as I could. I was indeed obliged at one point to say that I did not wish to press him against his better judgment although I felt very strongly the force of the representations I had made.

I have, &c.

F. M. SHEPHERD.

EP 1531/1584

No. 110

TEXT OF THE DOCUMENT HANDED BY THE PERSIAN MINISTER
OF COURT TO HIS MAJESTY'S AMBASSADOR IN TEHRAN ON
19th SEPTEMBER, 1951

(No. 1375)
(Telegraphic)

Since the Iranian Government is making efforts to make arrangements within the limits of the law so that the nationalisation of the oil industry in Iran may not injure the British Government and nation, and with a view to solving in a just manner as soon as possible the problems raised as a result of the nationalisation of oil, it gives herein below the outline of its final views. The main points for discussion are as follows:—

- (I) Examination of compensation for the former oil company, and the Iranian Government's claims.
- (II) The sale of oil to the British Government.
- (III) Conclusion of contracts with foreign experts.
- (IV) Transportation of oil.

1. *The Examination of Compensation for the former Oil Company and the Iranian Government's Claims*

The Iranian Government is prepared to settle the rightful claims of the former company, with due regard to the claims of the Iranian Government in one of the three following ways:—

- (a) On the basis of the value before the oil nationalisation law.
- (b) According to the laws and procedures followed in any other country where industries have been nationalised, and the former oil company considers such law and procedure to be most to its interest.
- (c) Or in any other way agreed to by both parties.

2. *The Sale of Oil to the British Government*

The Iranian Government is prepared to sell yearly to the British Government the same quantities of oil purchased previously by the British Government and people at the prevailing international rates on the basis of the f.o.b. value at any Iranian port according to a long-term contract. The British Government can appropriate 50 per cent. of the value of the oil purchased by them in the way of compensation settlement mentioned in paragraph 1 of this communication.

3. *The Conclusion of Contracts with Foreign Experts*

The National Oil Company of Iran will retain and need foreign experts, with the same amount of salaries and allowances which they have been receiving in the former oil company, and will conclude contracts with each one of them. In order to keep intact the administrative organisation of the former oil company, with a view to preventing any possible interruptions in that great industry, it is proposed to retain all the rules and regulations, whether administrative or technical, which have been in force previously (save those contrary to the Oil Nationalisation Law). All the

technical and administrative departments shall continue their duties as before and shall be managed by technicians either foreign or Iranian who would have sufficient authority to give them freedom of action in conducting their work. Furthermore at the head of the extraction and refinery organisations a technical director of foreign nationality (whose nationality shall be designated later by the Iranian Government) shall be appointed, this technical director—who shall be a functionary of Iran and shall act as a liaison officer between the foreign technicians and the board of directors—shall discharge his duties under the direct control of the Board of Directors of the National Oil Company of Iran.

4. *The Transportation of Oil*

The National Oil Company of Iran will deliver the oil to one or more agencies designated by former customers. The Iranian Government, as has been repeatedly stated, is prepared to settle the above-mentioned problems through negotiations and is waiting to hear your views, in case you agree to the opening of negotiations on the basis of this communication, so that the said negotiations may start after the lapse of one week from the date of the transmission of this communication.

EP 1531/1651

No. 111

TEXT OF HIS MAJESTY'S AMBASSADOR'S LETTER OF
22nd SEPTEMBER, 1951, HANDED TO THE PERSIAN
MINISTER OF COURT

(No. 263)

Dear Mr. Ala,

At the audience which His Imperial Majesty the Shah was good enough to grant me on 17th September His Majesty informed me that His Prime Minister was anxious to reopen negotiations on the oil question. Although the suggestions from the Prime Minister which His Majesty conveyed to me did not appear to me to hold out any real hope of a reasonable basis for negotiations I agreed in deference to His Majesty that if the Iranian Government would put their proposals in writing I would forward them to my Government.

Your Excellency left with me on the evening of 19th September a communication which, I must point out, is not drawn up on official paper and is neither dated nor signed. This paper does not constitute any

advance on, but rather a retrogression from, the previous attitude of the Iranian Government: nor does it appear to take into account the views expressed by Mr. Harriman. It does not contain the points which His Majesty gave me to understand Dr. Mosaddiq was now putting forward, and indeed the main lines of this paper have already been answered in the letter addressed by Mr. Harriman to Dr. Mosaddiq, with which His Majesty's Government are in full agreement.

I regret therefore to have to inform you that His Majesty's Government cannot regard the paper as an official document nor can they regard its contents as constituting a basis on which they would be justified in resuming negotiations.

F. M. SHEPHERD.

POSSIBILITY OF AN ALTERNATIVE PREMIER TO DR. MOSADDIQ

Sir F. Shepherd to Mr. Younger

(No. 266. Confidential) *Tehran,*
Sir, *September 25, 1951.*

In paragraph 1 (d) of my telegram No. 1365 of the 19th September I reported that one element of uncertainty in the situation was doubt as to whether or not Qavam-us-Saltaneh was to be considered as a candidate for the premiership. Since that date he and his friends have made it clear that he is very much a candidate.

2. Over the last few days the situation has become still further confused owing to the vacillation of the Shah. It is known that while not liking Mosaddiq he is afraid to get rid of him. Knowledge that this is his attitude has adversely affected the morale of the Opposition Deputies who are in some doubt where to turn. The dismissal of the Shah's friend, Iqbal, from the post of Governor-General of Azerbaijan and the sudden departure for Europe of his twin-sister, Princess Ashraf, against whose interference in politics Dr. Mosaddiq is known recently to have protested, have contributed to the impression that the Shah is no longer able to stand up to Dr. Mosaddiq.

3. The Shah's hesitant attitude has also affected the situation in another way. Since he is thought to believe that there will be too great a risk in immediately replacing an anti-British Prime Minister, Mosaddiq, by a pro-British one such as Sayyid Zia-ud-Din Tabataba'i, the latter informed His Imperial

Majesty at his last interview that he did not wish necessarily to be regarded as a candidate for the post of Prime Minister, meaning that while he would continue his activities in opposition to Mosaddiq he did not insist that he should become Prime Minister immediately after the fall of Mosaddiq. By removing one of the Shah's objections to dismissing Mosaddiq it is to be hoped that this manoeuvre will contribute to the latter's speedy downfall. It has, however, also contributed a further element to the uncertainty of the situation because it has given new hope to the partisans of Qavam-us-Saltaneh and Ala and Deputies are therefore uncertain round whom to rally.

4. If His Imperial Majesty were to give a lead in the very near future it seems possible that a majority of Deputies might pluck up sufficient courage to vote against Dr. Mosaddiq. But speed is essential since the Imperial Farman authorising elections to the 17th Majlis has now been issued and as election time draws nearer more and more Deputies are likely to attempt to make a deal with the Government on a basis of votes now against re-election to the Majlis.

5. I am sending a copy of this despatch to His Majesty's Ambassador at Washington and to the Head of the British Middle East Office in Cairo.

I have, &c.

F. M. SHEPHERD.

A COMPARISON BETWEEN PERSIAN AND ASIAN NATIONALISM IN GENERAL

Sir F. Shepherd to Sir O. Franks (Washington)

(Communicated) *Tehran,*
Sir, *2nd October, 1951.*

I was interested to see from paragraph 2 of your telegram to the Foreign Office No. 3116 what Averell Harriman thought of our assessment of the nationalist feeling in Persia at the present time. I see that he identified this with the general nationalist feeling which has been permeating Asia for some little time, but I feel that it is just as

important to differentiate the Persian movement from that of the rest of Asia.

2. May I recall that the general nationalist movement in Asia, historically speaking, is a reaction from Asiatic decadence in the last two and a half centuries. The European trading posts in Asia, and particularly in India, assumed political importance precisely because of the degree of disintegration which the Governments had suffered. The

development of the East India Company and subsequently the Government of India was not only a natural process at the hands of a virile and civilised nation, but also a wholesome process from the point of view of the Asiatic nations themselves. Viewed in a historical perspective the colonial and imperial phase has really consisted in the reintegration of Asiatic countries and at least their partial assimilation to the modern civilisation created by the Western world. This process is now nearing completion and we are seeing the withdrawal of the colonising Powers on the achievement of a degree of administrative competence sufficient to fit the countries concerned into the general world pattern.

3. Practically all the Asiatic countries from Turkey to Siam have gone through this process. At the one end Turkey, partly by virtue of its status as an empire in its own right and partly from its intimate connexion with Europe, has proved itself able to conduct its own *renaissance*, and at the other end Siam has managed somehow to maintain a rather rickety independence. Apart from these two the only other countries which have not been subjected to the wholesome influence of a Western colonising Power are Persia and Afghanistan. These countries owe their immunity from colonisation partly to lack of products sufficiently attractive to the 18th century colonising Powers and partly to their lying in a geographical cul-de-sac. Persia, in particular, is now paying heavily for her immunity from tutelage. She has been in a state of decadence ever since the time of Nadir Shah in the 17th century and has gained little from the progressive development of the countries round her. Reza Shah was a phenomenon who was able to spread a wash of Westernism over the Persian scene, but he was unable to create the nucleus of a national movement. As a result, on his abdication his series of progressive developments ceased and the country has tended to decline accordingly. Efforts were made at the end of World War II to revive the national spirit by means of such schemes as the Seven-Year Plan, but Persia has been unable to bring forward the men necessary to inspire the further development of the country. The Persians do, however, recognise that the nationalist movements elsewhere have led to improvement of the condition of the countries concerned and they have vaguely wished that some similar progress might be made in Persia. Apart from the unsuccessful attempts to organise the Seven-Year Plan, there has been a tendency

to encourage the employment of foreign technicians and the attraction of foreign capital. But this has been accompanied by acute suspicion of foreigners on the part of the Persians so that many foreign technicians, having started their work, have been got rid of and, in spite of projected laws for the attraction of capital investors, have, in fact, been frightened away by the hostility of the Persian Government to concerns like the British Bank of Iran and the Anglo-Iranian Oil Company. In the absence of a spontaneous and efficient leadership for a national movement Dr. Mosaddiq's National Front has turned its attention to the oil industry with the idea of applying its income to the improvement of the condition of the people without having to call for sacrifices from the possessing classes. Mosaddiq himself possesses the drive and the political talent of a national leader, but, unfortunately, he completely lacks constructive ability. When he was appointed Finance Minister some years ago he began with great zeal to reform his Ministry. He reformed the good with the bad with such lack of perception that he shortly had to resign and the Ministry had to be reconstructed. This early experience has been repeated in his conduct of the oil industry and he has succeeded in destroying in six months a business which took fifty years to build up. If Dr. Mosaddiq had had a constructive mind himself or had had the ability to surround himself with other constructive minds he might have been a great national leader. As it is he has not succeeded in inspiring the Persian people with any progressive or constructive nationalist feeling.

4. As I said at the beginning of this letter it is necessary to differentiate the Nationalist feeling in Persia from that elsewhere in Asia and I hope that what I have said will make it clear why this is so. Nationalist movements elsewhere have been organised and guided by the colonial Powers who are now the object of such criticism, whereas in Persia there has been no guiding hand. It is in fact probable that the salvation of Persia would be a twenty year occupation by a foreign Power (rather on the lines of the occupation of Hayti by the United States) but in default of this the country will certainly grope for some considerable time yet before finding expression for a Nationalist movement. The nationalisation of oil has been in practice a move not in the right but in the wrong direction. The need for Persia is not to run the oil industry for herself (which she cannot do) but to profit from the technical ability of the West. This up till

now she has been too suspicious to do. Persia is indeed rather like a man who knows very well that he ought to go to the dentist but is afraid of doing so and is annoyed with anybody who says that there is anything wrong with his teeth.

5. The tragedy of the situation is that in the 20th century there is no country which either could or would undertake the education of Persia and its preparation for a *renaissance* which would bring it into equal relationship with other Powers. But unless something is done the country is liable to sink further into corruption and to finish with a Communist revolution. It is for this reason mainly that it is so important to prevent the Persians from destroying their main source of revenue and their main weapon for economic rearmament by trying to run it

themselves. It is only after the oil question has been settled that the long process of fostering and guiding a movement of national regeneration can begin. It cannot hope for any success until a cadre of patriotic and comparatively honest individuals arises and there is as yet no sign of this. It certainly does not exist in Mosaddiq and his entourage. It would be an error to mistake this *ignis fatuus* for a well-rooted Nationalist movement: it is a preliminary flicker of nationalism but not yet the authentic flame. Persia is still a long way behind in the race.

6. I am sending copies of this letter to Sir Gladwyn Jebb, New York, Sir Thomas Rapp, Cairo, and to Mr. Bowker, Foreign Office.

F. M. SHEPHERD.

EP 1531/1770

No. 114

ANGLO-PERSIAN OIL DISPUTE

Sir O. Franks to Mr. Morrison. (Received October 6)

(No. 3223. Secret) Washington,
(Telegraphic) October 5, 1951.

There have been considerable further talks in which Middleton has taken part and at which, on the American side, Perkins, McGhee, Hickerson and Nitze were present. Much of what was said was in the nature of talk around the problem after dinner rather than business conversation. I feel, however, that it is useful to attempt to analyse some of what the Americans said in these talks because it may give a good idea of what is passing in the back of their minds and thus of the limits within which we can hope for their whole-hearted support.

2. The basic feature of the American view is, as it has been ever since we started talking to them about Persian oil, that the primary objective must be to save Persia for the free world; their second objective, subordinate to the first, is that there should be a settlement of the oil dispute which would—

- (a) not set too damaging a precedent for other oil areas;
- (b) help the United Kingdom balance of payments.

They do not believe that it is impossible to reach both these objectives, though perhaps at the cost of our accepting plans which may appear at first sight as peculiar and as

possibly involving us in forgoing something of what we had hoped to retain.

3. As regards the method of proceeding, they are convinced that we have no real alternative to negotiation with whatever government may be in power in Persia. They feel that we have behaved all along as though we had the alternative of using force available as a last resort to maintain our position in Abadan. For a variety of reasons this was not done; therefore our tactics have, in their view, been mistaken. They think we should be committing a similar mistake if we felt that we could now maintain our position by the threat of preventing oil leaving Abadan since, in actual fact, we should not be able to carry out our threat. (They can hardly believe that, if contrary to United States policy, some freebooting American concern sent a tanker to Abadan we would really capture it on the high seas.) Moreover, even if we were able to take some forcible action to prevent oil from being exported, this would go contrary to the first objective in paragraph 2 above since it would further turn the Persians against the West and would ensure their economic collapse by preventing them from ever obtaining any revenue by selling oil. This is not to say that the Americans would advocate sales by Persia in present circumstances of oil properly

belonging to the Anglo-Iranian Company. It does mean that they would be strongly opposed to a course likely to end, in the event of continued Persian intransigence, in a virtual blockade. They suggest that the fact we had not used force to stay in Abadan after having threatened to do so, would make it far less possible that the Persians would yield in face of a *threat* of forcible action of another kind.

4. As regards the assessment of the situation in Persia, there seems little difficulty in reaching agreement with the Americans that Mosaddiq is a thoroughly undesirable Prime Minister and that he is distorting and corrupting the genuine nationalist movement which exists in Persia and which we would like to see directed into constructive channels and safeguarded from recourse to Communism. The difference of view comes, in their view, that however unwelcome this may be, Mosaddiq is for the time being firmly established and cannot be overthrown either by the Shah or by external pressure, even by joint Anglo-American pressure or United Nations pressure. They point to their failure to oust undesirable governments in this hemisphere and to the way in which United Nations action consolidated Franco's position in Spain.

5. The State Department representatives recognised fully the importance of a fairly reasonable settlement to His Majesty's Government from the point of view of our balance of payments, the effect on our other oil interests and on our general position in the Middle East, but they make a categorical distinction between these interests of His Majesty's Government and the interests of A.I.O.C. They believe that the most the latter can hope for is an acceptable

contract for buying Persian oil and distributing it, the details of which might take account of compensation claims. The Americans could not understand it if we insisted on trying to get more than this for A.I.O.C. by trying to get them back into Persia in some shape or form, at the risk of missing a settlement which would otherwise satisfy the minimum requirements of His Majesty's Government and would safeguard the interests of the western world in the cold war.

6. Translating all this rather general talk on to the practical level, the Americans are convinced that we ought to show ourselves ready to negotiate with Mosaddiq as long as he is there, realising that on all grounds a settlement must be reached fairly soon and that this settlement must include the complete disappearance of A.I.O.C. in any shape or form from Persia itself. If we could satisfy the Americans that we were really determined to proceed on these lines I think there is a good prospect that we could get them solidly behind us for negotiating on terms which would, in other respects, be similar to and no worse for us than the Stokes' proposals. This would have to include American support for sticking to these terms, even in the event of Persian refusal at first to accept them, provided that we did not then announce that negotiations were over, but went on showing our readiness to deal with any Persian Government on these terms. There would still be a tactical difference of view on whether negotiations should begin before or after a Security Council vote. The American view that negotiations should come first is likely to be strengthened by reports that if Mosaddiq fails in the Security Council on the point of jurisdiction he will walk out.

EP 1611/66

No. 115

ANGLO-PERSIAN OIL DISPUTE

Consul Pinhey to Mr. Morrison. (Received October 18)

(No. 37) Khorramshahr,
Sir, October 8, 1951.

I have the honour to report the last phases of the evacuation of the staff of the Anglo-Iranian Oil Company from Abadan.

2. In accordance with the instructions conveyed in your telegram No. 1333 to Tehran of the 30th September, the main

party was evacuated in H.M.S. *Mauritius* on Wednesday the 3rd October. Embarkation was carried out in launches provided and manned by the Persian Navy and the operation was carried out without a hitch between 9 a.m. and 12 noon. The embarkation was watched by all senior Persian officials in Abadan including General Riahi, the

general manager appointed by the Persian Government who appeared in uniform and saluted each launch as it left the quay. Others present were Colonel Daftari commanding the Persian Navy in Khorramshahr who personally supervised the operation, members of the temporary oil board (not including M. Hussein Makki) and many senior officials of the company. The operation was also watched by Major C. F. Capper, His Britannic Majesty's Consul-General in Khuzistan, and other members of the Consulate staff.

3. Customs formalities were waived as far as possible and the Persians were courteous and correct in their attitude towards the staff of the company. A number of high ranking Service and other officers of the Persian Government came from Tehran to witness the evacuation.

4. H.M.S. *Mauritius* sailed on schedule at 1 p.m. for Basra.

5. The last party of senior officials of the company, including Mr. K. B. Ross, general manager of the Abadan refinery, and Mr. A. E. Mason, the company's representative in Southern Persia, left by road at 10 a.m. on Thursday the 4th October. Mr. Ross was given a send off from the old company headquarters office by members of the temporary oil board including M. Hussein Makki, but these officials left after saying goodbye to Mr. Ross, thus emphasising their refusal to recognise Mr. Mason and other senior members of the company administration.

6. Major C. F. Capper, His Britannic Majesty's Consul-General in Khuzistan, left for Basra by launch in the afternoon of the same day.

7. I am sending a copy of this despatch to His Majesty's Ambassador in Tehran.

I have, &c.

L. A. G. PINHEY.

EP 1531/1721 G

No. 116

ANGLO-PERSIAN OIL DISPUTE

To the United Kingdom Delegation to the United Nations, New York

(No. 1570. Secret) Foreign Office,
(Telegraphic) October 10, 1951.

Your telegram No. 958 of 2nd October: Persian Oil.

For your confidential information all army and air forces earmarked for Operation "Buccaneer" are now being stood down and the aircraft assembled for the operation dispersed.

2. There were no (repeat no) forces at Shaiba in the proper sense of the word, but a certain number of maintenance personnel had been assembled there who will return to their bases in due course as part of the stand-down operation.

3. All naval forces in the Shatt-el-Arab have now been dispersed and the destroyer

flotilla in the Gulf is being sailed to Aden, it being announced that they are rejoining the Mediterranean Station. This leaves in the Gulf the three frigates normally stationed there, plus the cruiser which in any case periodically visits the Gulf. Our naval strength there can therefore now be described as normal. It is not possible to reduce it further until a firm decision has been taken on the possibility of intercepting tankers. The suggestion in the last sentence of paragraph 2 of your telegram under reference is not considered practicable.

EP 1013/40

No. 117

REPORT ON EVENTS IN PERSIA

September 1951

Sir F. Shepherd to Mr. Morrison. (Received October 18)

(No. 283. Confidential) Tehran,
Sir, 11th October, 1951.

With reference to my despatch No. 254 of 16th September, I have the honour to send you herewith a report on events in Persia during the month of September 1951.

Oil Nationalisation

2. The nationalisation of the oil industry moved rapidly towards its culminating point. Addressing the Senate on 5th September, Dr. Mosaddiq said that it was only the presence of British technicians in Khuzistan which stopped other foreign technicians from coming forward to work for the National Iranian Oil Company, and stopped foreign countries from coming forward to buy the N.I.O.C.'s products. He had therefore decided to give His Majesty's Government another fortnight in which to accept the proposals he had made to Mr. Stokes or to make fresh proposals themselves; failing this he would cancel the residence permits of the British technicians. This statement of intention came at the end of a report by Dr. Mosaddiq on his negotiations with the Lord Privy Seal and when he put the question of confidence twenty-six of the twenty-seven Senators remaining in the Chamber—ten left before the vote was taken—voted in Dr. Mosaddiq's favour.

3. The opposition to Dr. Mosaddiq which had manifested itself again in the Majlis after the breakdown of the Stokes' negotiations expressed itself more clearly in a refusal by a number of Deputies to attend the Majlis when summoned the following day in order to give Dr. Mosaddiq a vote of confidence. At the next regular meeting of the Majlis on 9th September, enough Deputies attended to allow discussions to take place, but not enough for a vote to be taken. Dr. Mosaddiq read to the Lower House the same report on the oil negotiations as he had read to the Senate, but added that he proposed to ask Mr. Harriman to convey his ultimatum to the British Government. After declaring that if Deputies disapproved of his policy they should come to the Majlis and say so, Dr. Mosaddiq went ahead with his published plan and sent to Mr. Harriman a long letter setting forth

the Persian view. In a reply handed to Dr. Mosaddiq by the United States Ambassador in Tehran on 17th September, Mr. Harriman noted with regret that far from showing any advance on the previous Persian position Dr. Mosaddiq's letter in some ways represented a retrogression. The same objections to Dr. Mosaddiq's proposals, as being commercially and technically impracticable, applied as before. On the new suggestion that Persia should sell to Britain 10 million tons of oil (the estimated internal consumption), Mr. Harriman said that before nationalisation production was of the order of 30 million tons, of which the bulk was taken by British companies; without the co-operation of the British companies it would be impossible to transport and market the production surplus to the 10 million tons now mentioned. In conclusion, Mr. Harriman said that, in his opinion, to pass on Dr. Mosaddiq's message to the British Government would only militate against a settlement, especially in view of the threat to expel the British technicians.

4. I saw the Shah immediately on his return from his holiday on 11th September, and again on 17th September. He was clearly disturbed about the rebuff administered to Dr. Mosaddiq. Although at heart desirous of getting rid of Dr. Mosaddiq he feared the consequences and therefore urged me to consider two new points which Dr. Mosaddiq desired me to put forward. While making it clear that I doubted very much whether the points in question would help towards a resumption of negotiations, I undertook out of deference to His Majesty to pass them on to you provided they were made in writing. On the same evening as the text of Mr. Harriman's refusal was published, M. Ala, the Minister of Court, came to see me with a plain piece of paper without heading, date or signature, which turned out to contain "proposals" essentially the same as those previously made and which did not include either of the points mentioned by His Majesty. I saw M. Ala again on 22nd September and informed him that His Majesty's Government considered that these proposals were no

advance on previous ones and therefore constituted no basis for further negotiations.

5. When the Majlis, for which there had been no quorum on 16th September, met again on 23rd September it was therefore not possible for Dr. Mosaddiq to inform that body that negotiations with His Majesty's Government had been resumed or that new British proposals were on the way. Instead he stayed away from the Majlis and the pre-agenda speeches (which were all the Majlis was interested in) were monopolised by the Opposition which attacked him severely. Much the same happened on 25th September—the Majlis had now resumed thrice-weekly meetings—except that one speech was allowed to Dr. Baqa'i, who presented to the House all the collections of telegrams and signatures on rolls of cloth which the National Front had assembled in support of Dr. Mosaddiq's Government. On the same day, without bothering to consult the Majlis further, Dr. Mosaddiq sent a telegram to the Provisional Board of the N.I.O.C. instructing them to inform all British technicians that they must leave Persia within a week from 27th September. This date may be taken as a fortnight from the day on which Mr. Harriman received the ultimatum which was never conveyed in any way to His Majesty's Government.

6. One thing remained for the sweeping away of "imperialism" from Khuzistan: the expulsion of Major Capper, His Majesty's Consul-General at Ahwaz, but temporarily resident at Khorramshahr, who since the early days of nationalisation had been tireless in his attempts to defend British interests and the personal status of the British staff. The Persian Government had on 15th August demanded his recall on the grounds of some remarks he had made (actually "off the record") to foreign correspondents in Abadan and of a protest he had lodged against the disrespectful treatment accorded him during the Lord Privy Seal's visit to Abadan. On 29th September the Minister for Foreign Affairs sent me a note informing me that since some time had passed without His Majesty's Government having complied with their request he had no alternative but to withdraw Major Capper's exequatur. Arrangements were accordingly made for Major Capper to leave Persia in His Majesty's ship *Mauritius* with the remainder of the British staff of the Anglo-Iranian Oil Company who were evacuated on 3rd October.

7. With a view to minimising the harm done to the British economy by the cessation of oil exports from Persia and at the same time making it clear to the Persian Government that they could not expect to damage British interests and continue to enjoy the same privileges as before, His Majesty's Treasury on 10th September issued an order limiting the utilisation of Persian sterling balances and any sterling which might accrue to the Persians from the sale of oil and prohibiting the export of certain scarce goods to Persia. This measure was interpreted in Persia as the first step in the application of economic sanctions and it was undoubtedly as a reprisal that the Persian Government on 18th September issued a decree withdrawing the right of the British Bank of Iran and the Middle East to deal in foreign exchange.

8. The first agreement for the sale of Persian oil since its nationalisation was signed with Afghanistan on 13th September. The terms of the agreement were not published, but I understand that it covers the supply over a year of 30,000 tons of petrol, 7,000 tons of other oil products and 400,000 litres of aviation spirit. The price was said by officials concerned to be below the world price, and is to be paid in dollars. The agreement seems to be more of a political manoeuvre than a practical proposition.

Internal Affairs

9. The month was remarkable for the steady increase in the strength of the Majlis opposition. Dr. Mosaddiq's position in the Majlis became so weak that on 27th September, having gone to the Majlis with the intention of reporting on the oil question he found that the Opposition had prevented the formation of a quorum and chose to deliver his speech to a couple of hundred passers-by outside the Majlis. In the course of his remarks to the crowd Dr. Mosaddiq said that they, not the Deputies in the Parliament building, were the true representatives of the nation. This marks a striking change in his attitude: previously sure of his mastery of the Majlis, he had always called himself its servant. Until the reference of the oil dispute to the Security Council which has given him a new lease of life, Dr. Mosaddiq's Government had weakened to such an extent that in the general opinion it was ready to fall, the only question being who should succeed him. Towards the end of the month Sayyid Zia-ud-Din Tabataba'i indicated that he was no

longer a candidate for the premiership as the opposition to him, although not open was too influential. The question had therefore almost been settled in Qavam-us-Saltaneh's favour. Dr. Mosaddiq made an attempt to reinforce his Cabinet on 25th September by the appointment of M. Adham, his Minister of Health, as Minister without Portfolio and the bringing in of a university professor, Dr. Maliki, as Minister of Health. M. Varasteh, the Minister of Finance, who had resigned the previous day, was replaced by the National Front Deputy, M. Nariman. The Ministry of National Economy, however, remained vacant and so did that of Posts, Telegraphs and Telephones from which M. Mushar had resigned following an incident in the Majlis on 2nd September when M. Azad threw a brief-case at him.

10. Dr. Iqbal, the anti-National Front Governor-General of Azarbaijan was finally, despite opposition by the Shah and Azarbaijan Deputies, recalled from Tabriz on 18th September. M. Zand left to take up his appointment as Ambassador to Turkey, but no successor has been appointed as Governor of the Bank Melli Iran.

11. The royal farman for the elections for the XVIIth Majlis was issued on the prescribed date, 21st September, five months before the expiry of the present term. At this rather late hour the result was announced of the by-election at Khalkhal the previous member for which, M. Ahmad Dihqan, was assassinated in May 1950.

12. The trial of Nusratullah Qumi, the self-confessed assassin of Dr. Zanganeh, began on 5th September. At the first two hearings the judges had to leave the court because Qumi insisted on addressing the public and provoking demonstrations by them. The trial was then continued *in camera*, new defence counsel being appointed by the court to replace the original ones from whom Qumi withdrew the right to defend him. He was sentenced to death on 22nd September, but it is not yet clear whether he has appealed or not.

13. In his press conference on 16th September, Dr. Fatimi started a hare about a plot to execute a *coup d'Etat* against the present régime, but it seems definite that this was designed to off-set allegations in a weekly newspaper published that day that Dr. Fatimi was himself involved in a republican plot against the régime. The following day Brigadier Sartipzadeh, Chief of the Secret Police under Razmara, and Colonel Muhtadi, Razmara's *Chef de Cabinet* and

former Military Prosecutor, against both of whom the National Front had long nursed a grudge, were arrested. Dr. Fatimi later said that this was in connexion with the *coup d'Etat* which M. Razmara was planning when he was assassinated.

14. Sayyid Zia-ud-Din Tabataba'i opened the headquarters of his revived National Will Party in 13th September in a speech in which he called for freedom of speech and thought. This is taken to mark the beginning in earnest of activity by his political party.

15. The Queen left for Switzerland for medical treatment on 25th September. She was preceded on 22nd September by Princess Ashraf who was taking her younger son for eye treatment.

16. The Government's financial position became easier for the time being as drawings from the sterling note cover enabled it to bring salary and wage payments up to date, but it could make little impression on other outstanding obligations.

Foreign Relations

17. The United States Ambassador, Dr. Grady, left Tehran on retirement on 19th September. His successor, Mr. Loy Henderson, until recently United States Ambassador at New Delhi, arrived on 22nd September and presented his letters of credence to the Shah on 29th September.

18. Talks with Russian representatives for a renewal of the Perso-Russian Trade Agreement of November 1950 began in Tehran on 22nd September. A fair percentage of exchanges under the existing agreement have still to be effected, but it is reported that proposals for increasing the interchange of goods are being discussed. Meanwhile, the negotiations for the release of Persian gold held in Moscow, which appeared to be making some progress, have again slowed down.

19. I am sending a copy of this despatch to His Majesty's Ambassadors at Washington, Moscow and Bagdad; to Air Headquarters, Iraq, through His Majesty's Embassy at Bagdad; to the Commander-in-Chief East Indies and the Senior Naval Officer in the Persian Gulf; to the Political Resident in the Persian Gulf; to the United Kingdom High Commissioners at New Delhi and Karachi; to the Head of the British Middle East Office, Cairo; and to all His Majesty's Consular Officers in Persia.

I have, &c.

F. M. SHEPHERD.

OIL PROBLEM IN PERSIA

Sir F. Shepherd to Mr. Morrison. (Received October 18)

(No. 289. Confidential) *Tehran,*
Sir, *15th October, 1951.*

Since the end of 1950 the oil problem in Persia has passed through two separate phases. The first of these relates to activities of the Majlis Oil Commission subsequent to the withdrawal on 26th December, 1950, of the Supplemental Oil Agreement and ended with the assassination of Prime Minister Razmara. This period marked the increase in the influence of the National Front both in the Oil Commission and in the Majlis and the growth of the idea of nationalisation of the oil industry. In the course of negotiations with Prime Minister Razmara investigations were made by the Persian Government into the legal and practical aspects of nationalisation and as a result the Prime Minister on 3rd March, 1951, read out to the Oil Commission the opinions of several departments of the Persian Government on the question. These opinions were definitely adverse to nationalisation and indicated especially the practical difficulties in the way of conducting the industry without the necessary Persian technical personnel and the heavy financial burden which any attempt to pay adequate compensation would impose on the Persian people.

2. In the course of discussions preliminary to this development Mr. Razmara indicated to me that feeling in favour of nationalisation was such that it would be highly desirable if not necessary to pay some kind of lip service to the idea of nationalisation. In an endeavour to meet this difficulty and at the same time satisfy the national aspirations to which the Oil Commission had given expression I told the Persian Prime Minister with the approval of His Majesty's Government that the Anglo-Iranian Oil Company would be prepared to negotiate an agreement with the Persian Government on the basis of an equal sharing of profits in Persia. The representative of the Anglo-Iranian Oil Company in Tehran had already on 11th February indicated to the Prime Minister that this was the case and I suggested to Mr. Razmara on 2nd March that a resolution by the Oil Commission on the following lines might meet the case and provide a

basis for the beginning of negotiations. The following is the text of this personal suggestion:—

"The commission having examined the possibility of nationalising the oil industry in Southern Persia and having been assured that—

- (a) the agreement with the Anglo-Iranian Oil Company cannot legally be terminated;
- (b) there is not sufficient trained Persian personnel to carry on the industry;
- (c) the financial burden of acquiring the industry would be excessive especially since the installations in Persia eventually accrue without charge to the Persian State;

direct the Government to negotiate with the Anglo-Iranian Oil Company an agreement on the basis of an equal sharing of profit in Persia."

3. The Anglo-Iranian Oil Company had already made arrangement with the Prime Minister to make payments during 1951 amounting to £25 million in consideration of amounts which might become due to the Persian Government as a result of any future negotiations. This combined with payments already due to the amount of £3½ million would have meant that Persia would have received in 1951 a total of £28½ million to tide them over the period during which negotiations might be expected to last.

4. Mr. Razmara's plan of campaign was first to explain to the Oil Commission the practical impossibility of the nationalisation of the oil industry and subsequently to inform them of the payments which the Oil Company was willing to make and of their willingness to negotiate a settlement on an equal profit sharing basis. There was reason to believe that Mr. Razmara intended to pursue this course vigorously and there was a good hope that a settlement might thus have been reached. Unfortunately, on 7th March, four days after the statement by the Prime Minister to the Oil Commission with regard to nationalisation, he was murdered, and neither the arrangement for advance payments nor the offer of negotiation in a 50-50 basis was communicated to the Oil Commission or to the Majlis.

5. The second phase began when the Oil Commission, with an extraordinary lack of sensibility, on the day following the Prime Minister's assassination, passed a resolution in favour of the immediate nationalisation of the oil industry in Persia. There was some delay in the appointment of a Prime Minister, and Mr. Hussein Ala assumed office on 14th March. The same day I delivered to him on instructions a note in which while objection was taken to unilateral nationalisation, the attention of the Persian Government was called to the willingness of the Anglo-Iranian Oil Company to negotiate a settlement, on a 50-50 basis. Unfortunately, the Oil Commission, under the inspiration of the National Front, submitted to an intimidated Majlis the following day a Bill approving the nationalisation of the oil industry in Persia which was granted triple urgency and was immediately passed by a show of hands. Although the attention of the Government had been called to the necessity of acquainting the Majlis urgently with the British Government's views, the National Front were able to force through their Bill before the contents of the British note had become known to the Majlis. The Bill was approved by the Senate on 20th March.

6. Discussion then arose in parliamentary circles as to the manner in which the nationalisation of the oil industry should be carried out and it was proposed to broaden the basis of the Oil Commission to include representatives of the Senate and the Government. In the meantime a sub-committee had been appointed to make preliminary investigations and on 26th April this sub-committee secured from the main Majlis Oil Commission agreement to a nine-article draft Bill setting out the means by which nationalisation of the industry should be carried out. The commission proposed to put this Bill before Parliament without consulting the Government and as a result Mr. Ala resigned. During nearly the whole of his short Ministry there had been strikes in the Oil Company's area which resulted in some deaths of Europeans. The strikes were obviously fomented by Communists, and both the Majlis and members of the Oil Commission expressed to the strikers their desire that they should return to work while Parliament continued their efforts to nationalise the industry. The unrealistic nature of the strikes was shown by the fact that the very few workers who initiated the strike demanded an 85 per cent. increase in wages on the ground that

nationalisation of the industry having been decreed large amounts of money would immediately become available. Students of the technical college at Abadan struck for the reduction of their pass mark from 40 per cent. to 30 per cent. and for the assurance of employment even if they failed. Agitators organised terrorist activities which resulted in a very large number of workers being prevented from going to work even though they did not desire to join in the strike which in fact ended on the same day as Mr. Ala resigned.

7. The following day the Majlis unanimously approved the nine-article law at a time when in fact there was no Prime Minister and without any debate. On 29th April the Majlis indicated their desire that Dr. Mosaddiq, the leader of the National Front, should be appointed Prime Minister and, on 30th April, the Nationalisation Bill was approved by the Senate. Dr. Mosaddiq himself urged this extreme haste in passing an ill-digested law in emotional speeches in which he alleged that unpatriotic persons were at work to thwart what he described as the will of the Persian people. He deprecated debate on the ground that the Oil Commission had already given long and serious thought to the problem and that their conclusions should be respected, and he added that neither House should consider too closely the actual wording of the Bill which was less important than its rapid passage.

8. On 2nd May you, Sir, addressed a message to Dr. Mosaddiq calling attention to the breach of contract which the Oil Nationalisation Bill involved and the impractical nature of its provisions and expressed the hope that the Persian Prime Minister would most carefully consider what constructive steps could now be taken to create a situation in which negotiations could take place. Dr. Mosaddiq replied to this message on 8th May stating that the Persian Government proposed to implement the nine-point law and stating that they were ready to consider the claims of the former Oil Company and to arrange for the sale of petroleum to the former buyers at fair international rates. It may be added here that although His Majesty's Government have frequently reiterated their desire for negotiation the present Persian Government has never deviated from these two stipulations, and has only added to them since by stating as a third subject for discussion the means by which the services of individual British technicians could be

retained. All the proposals made from British and American sources since the date of Dr. Mosaddiq's message of 8th May have been rejected in favour of these three points, and the Persian Government has shown not the slightest inclination to compromise on them in any way whatever.

9. On 18th May the United States Government entered the lists with an official statement which in effect condemned Persian unilateral actions and exhorted them to engage in negotiations with the Anglo-Iranian Oil Company. The following day you sent a further message to the Persian Prime Minister reaffirming the desire of the British Government to settle the matter by negotiation and stating that they were prepared to send a mission forthwith to Tehran to discuss the terms of a further agreement. Meantime, the Anglo-Iranian Oil Company requested the Persian Government to agree to arbitration in accordance with the 1933 Agreement, but this request having been rejected the company asked the president of the International Court to appoint an arbitrator. At the same time the British Government requested the intervention of the International Court in the matter. On 29th May at a luncheon arranged by the American Ambassador I suggested to Dr. Mosaddiq two formulæ on which discussions might be initiated between the Persian Government and the Oil Company and the British Government respectively. These formulæ were designed to avoid specific reference either to the 1933 Agreement or to the nine-point Nationalisation Law. Dr. Mosaddiq refused to consider them. The United States Government followed up their statement of 18th May with a personal message from President Truman on 1st June advocating the sending to Tehran of a delegation from the Anglo-Iranian Oil Company. This message was in fact addressed by President Truman to the British Prime Minister but was communicated by mistake to Dr. Mosaddiq. In fact the Anglo-Iranian Oil Company had agreed in a letter dated 3rd June to send a delegation to discuss matters with the Persian Government in response to an invitation made by the Minister of Finance to the company to put forward proposals for the Imperial Government's consideration. This delegation arrived on 11th June, and on 19th June put forward proposals designed to safeguard the continued efficient operation of the oil industry in Persia while transferring general control to the newly-created National Iranian Oil Company. It had

been hoped that it would be possible to induce the Persians to discuss round the table the practical difficulties in the way of the implementation of their nine-point law and thus reach a basis of agreement which when ratified by the Majlis would automatically effect the necessary alterations in the law. By this means it would have been possible to overcome the Persian Government's objections to the alteration of the law by which Dr. Mosaddiq and his entourage set great store. These proposals, however, were most abruptly rejected by the Persian Mixed Commission and the Company Delegation were accordingly obliged to leave Persia without achieving even a discussion of the important matters involved.

10. The Persian Government then proceeded to claim the entire proceeds of the sale of oil exported from Abadan and refused to permit the masters of tankers even to safeguard in the usual legal form the rights of the Anglo-Iranian Oil Company or other tanker owners. As a result, the oil companies concerned refused to load oil, and by the end of June no further tankers were sailing from Abadan. Oil production continued only for the time necessary to fill the storage tanks, and after that the industry began to close down.

11. On 5th July the International Court by a vote of ten to two made certain recommendations for the interim conduct of the industry without prejudice to the claims of both parties pending the result of negotiations. These recommendations were immediately accepted by His Majesty's Government but were rejected by the Government of Persia. President Truman in order to try and find some solution to the oil question offered to send Mr. Harriman to Persia to investigate the possibilities. Dr. Mosaddiq accepted this offer but did his best to render Mr. Harriman's visit nugatory in advance by making it perfectly clear that he would accept no negotiations which did not conform with the nine-point nationalisation law. Nevertheless, Mr. Harriman arrived in Tehran on 15th July accompanied among others by Mr. Walter Levy an oil expert. After some discussion with the Persians which led to no result, Mr. Harriman went to London on 27th July in order to discuss the matter with the British Government. I accompanied him on this visit. As a result of steps then taken it was agreed that His Majesty's Government should send to Tehran a mission headed by the Lord Privy Seal to negotiate with the Persians on the

basis of the nationalisation law of 20th March. This was the law which approved the principle of the nationalisation of the industry, and mention of the nine point law of 1st May was studiously avoided. The Persian Government made it known that their interpretation of the principle of nationalisation was that the exploration, production and exploitation of oil should be in the hands of the Persian Government. As this phrase aroused certain doubts, Mr. Harriman secured an admission from the Mixed Commission that the Persian words in question could equally well be translated as "under the authority of." This point was of importance because it was obvious that the actual operations of the industry in Persia would have to remain in the hands of some such organisation as the Anglo-Iranian Oil Company even if these operations were under the authority of the Persian Government. After the arrival of the mission in Tehran, however, the Prime Minister explicitly repudiated this interpretation and insisted that negotiations could only treat of the original three points:—

- (a) Compensation to the Anglo-Iranian Oil Company.
- (b) Arrangements for the retention of the services of British technicians.
- (c) The sale to Great Britain of the oil needed for her own consumption.

12. Nevertheless, the British mission put forward an eight-point proposal designed to meet as far as possible Persian desires but these were rejected by the Persian Mixed Oil Commission on the ground that they did not come within the formula to which reference has been made. The mission accordingly left Persia on 23rd August. Mr. Harriman himself departed two days later.

13. When the Lord Privy Seal's Mission was on the point of departure Dr. Mosaddiq wrote Mr. Stokes a letter in which he once more put forward as a basis of negotiation the three principles referred to above. As they did not, however, constitute any advance on previous proposals, it was decided that they did not form grounds on which negotiations could be resumed. On 12th September, Dr. Mosaddiq once more repeated these proposals in a letter addressed to Mr. Harriman in which he intimated that unless negotiations were resumed on that basis all remaining British technicians at Abadan would be expelled. Mr. Harriman in refusing to transmit this passage to the British Government expressed his disapproval of the attitude of the Persian

Government and exhorted them to adopt a more realistic approach to the whole matter. On 17th September during a conversation (see my despatch No. 255) which I had with the Shah the latter said that Dr. Mosaddiq was prepared to make a contract with the Anglo-Iranian Oil Company for an annual amount of 15 million tons of oil instead of the 10 million of which he had previously spoken and that he would be prepared to arrange for a British general manager in the oil fields. In view of the intransigence shown by Dr. Mosaddiq up till then I did not encourage His Majesty to think that this could lead to further negotiations, but said that I would transmit to London any proposals Dr. Mosaddiq had provided he made them in writing. The following day the Minister of Court handed me a paper containing once more in effect the proposals from which Dr. Mosaddiq had never deviated and omitting both the points which the Shah had mentioned to me. These proposals were accordingly rejected and the Persian Government then gave notice to the British staff in Abadan that they must leave. The evacuation was accordingly carried out on 3rd October. The actual oil fields had already been evacuated as production closed down and the total British staff had been reduced from over 2,000 to about 300.

14. From the time when the National Front members of the Oil Commission began to advocate the nationalisation of the industry I and members of my staff reinforced from time to time by instructions from London have endeavoured to bring home to the Persian Government not only the illegality of their conduct but the disastrous practical effects which would follow any attempt to nationalise the industry in a hurried and improvident manner. Proposals communicated to the Ala Government as a result of a conference with the Americans in Washington in April included an undertaking by His Majesty's Government to consider "some form of nationalisation" but the Persians declined to take advantage even of this opening. The Persians have, in fact, reversed the normal procedure of nationalisation as known in the United Kingdom, and the effect of their manoeuvres has been retroactive vesting date, followed by hurried legislation drawn up without consulting either the industry itself or foreign experts, and finally willingness to negotiate (while the harm was in process of being done) on a basis confined strictly to the ill-digested and unpractical legislation already passed. The efforts of the embassy, supported by those of the

American Ambassador, were unavailing. A visit by Italian experts was equally fruitless and the efforts of the missions under the leadership of Mr. Harriman and Mr. Stokes were also unproductive. The Persians had indeed throughout shown their inability to understand the fundamental requirements for the conduct of the oil industry and have been unwilling to recognise the facts which have been presented to them in many ways and from many different sources. It does not seem in retrospect that the Persians have been prepared to listen to the guidance of reason and common sense, but have been swayed to a large extent by emotion and by fear that in acknowledging the cogency of

the arguments and explanations put forward to them they would in some way have been betraying the interests of their country. They have succeeded by obstinacy and a series of almost incredible blunders in destroying for the time being in a period of five months an industry which it has taken fifty years to build up.

15. I am sending a copy of this despatch to His Majesty's Ambassadors at Washington, Moscow and Bagdad, to the United Kingdom Delegation at New York, and to the Head of the British Middle East Office at Cairo.

I have, &c.

F. M. SHEPHERD.

EP 1022/8

No. 119

BEARING OF THE PERSIAN GOVERNMENT'S FOREIGN POLICY ON THE OIL SITUATION

Sir F. Shepherd to Mr. Morrison. (Received October 18)

(No. 290. Confidential) *Tehran,*
Sir, *October 15, 1951.*

The conduct of the Persian Government with regard to the oil question is not independent of the general lines of their foreign policy. It may, therefore, be of some interest if I enlarge somewhat on the limited indications on this question that I have so far given.

2.—(a) The Persian Prime Minister is convinced that a third world war is inevitable in the not far distant future. His policy is therefore of an interim and not a long-term nature and is intended to apply only to the period which may still exist before the third world war breaks out.

(b) Dr. Mosaddiq does not believe that the Persian army has any chance of making any impression on the Russians should they choose to invade the country. He is so convinced on this point that he does not in fact approve of the expenditure of any large proportion of the budget on defence. He aims therefore at the preservation of Persian neutrality after the outbreak of war.

(c) He believes that the presence on Persian soil of a large oil industry in Western hands represents not only a temptation to the Russians to attack but an obligation on the West to defend it. Such an industry accordingly represents a danger which is likely to make a battle ground of the country and he therefore wishes to diminish or end extensive Western capital investment in it.

(d) The policy of neutrality implies not only the diminution of Western, and particularly British, interests and influence in Persia but the adoption of a friendly attitude to Russia and a degree of appeasement of that country.

3. This policy finds agreement among some members of the Cabinet but not all. It is opposed by the Shah and the Court. The present Minister of Court, Mr. Hussein Ala, in fact, would have appointed the present Minister for Foreign Affairs, Mr. Kazimi, to the same post in his own Ministry had he not disagreed with Mr. Kazimi's views on foreign policy, which are the same as those of Dr. Mosaddiq. The policy would receive little support in the country if it were exposed. The Government, however, have kept it completely in the background while concentrating their energies on the nationalisation of the oil industry. Public opinion in general in Persia is always more apprehensive of Russian designs than of anything else and I think there is no doubt that if there were a free choice between a preponderating political influence by the Russians or ourselves the country would wish to vote solidly against Russia. It must be recognised that the desire to appease Russia tends to increase in proportion as the threat from that quarter is made manifest. The present Government, however, is inviting pressure by appeasement in advance. It is partly because foreign policy has been kept so

much in the background that Dr. Mosaddiq has been able to keep the support of so many politicians.

4. As regards the Russian danger, however, there are, unfortunately, many rich people in Persia who tend to discount it because they feel that when the situation became strained they could leave the country and retire to those parts of the world where they have laid up sufficient funds for precisely such an emergency. A good many other influential people are hopeful that in case of war or under some kind of Russian régime, short of complete annexation, they would be able to make their peace with whatever authorities might exist and continue their former lives more or less unchanged. They are most unwilling to envisage either the sacrifices necessary to improve the social stability of the country or to acknowledge the dangers which would attend a Communist revolution. This element is inclined to favour attempting to neutralise communism by permitting Tudeh representation in the Majlis. It is, therefore, the less moved to criticise the Mosaddiq Government for relaxing the restrictions imposed by the Government of Mr. Razmara on the Tudeh Party and its associates.

5. As regards the attitude to the West involved in a policy of neutrality it is understandable that the Persians should find disadvantage in the existence in one of their Southern provinces of a very important industrial organisation in the exclusive possession of a foreign Power. They fear that the provision of its products to the West in the case of war would endanger their neutrality and that in the event of an increase of production such as took place during the second world war this might be regarded as a *casus belli* by the Russians. This fear explains to some extent the refusal up till now of the Mosaddiq Government to consider any negotiations which involve the continued operation of a foreign oil company on Persian soil.

6. Superficially, the attitude of the Mosaddiq Government towards Russia would not appear to have undergone any considerable change from that of the Government of General Razmara. Both Governments considered it advisable to maintain as friendly relations as possible with Russia and to refrain from any provocative action while endeavouring to restrain Russian infiltration into the country. The policies behind this attitude

on the part of the two Governments are, however, different. General Razmara had no doubts that the lot of Persia must be cast with the West, and his attitude of friendliness towards Russia was no more than a prudent refraining from anything which might arouse the hostility of so powerful a neighbour. Dr. Mosaddiq, on the other hand, while he is just as apprehensive as other Prime Ministers of the potential dangers emanating from Russian policy, places no confidence in the West and has by his actions made it evident that his friendly attitude towards Russia is due to fear of that country unadulterated by any ideological or material reliance on the West. There are at present no signs that the Mosaddiq Government contemplates anything in the nature of a non-aggression agreement with the Soviet Union, but it would seem logical that Dr. Mosaddiq may have at the back of his mind a hope that if his policy with regard to oil is successful he may receive some assurances from that quarter.

7. From the point of view of the West it is evident that there are considerable dangers in the absence in Persia of any long-term foreign policy. Apart from the loss of influence which the adoption of a hand-to-mouth policy would mean for the West it will naturally entail a good deal of instability in Persia itself. The necessity of holding the balance between East and West is never easy for this country, but is obviously much more difficult when the awareness of potential danger is oriented in one direction without being compensated for by any reliance on defence from the other direction. Persian foreign policy is accordingly likely so long as Dr. Mosaddiq continues in office to fluctuate but to have an increasing tendency towards appeasement of Russia. It is obvious that the Russians confronted with such a patent exhibition of nervousness, will exert increasing pressure on the Persians not only to grant her definite favours but to continue the process of eliminating Western influence from Persia.

8. The existence of such a policy will also make the defence of the Middle East more difficult since it will diminish the war potential of Persia. Although this cannot in any case be very great, the existence of the will to resist would in itself be of considerable value. As Dr. Mosaddiq's foreign policy becomes known it is evident that it will have a lowering effect on the morale of the army. If and when the Prime Minister

feels himself strong enough to do so, he is likely, in spite of strong opposition from the Shah, to cut down appropriations for defence. He is also likely to dismiss the United States Military Mission. All this would naturally have its effect on civilian morale and render the country less resistant to Communist infiltration. It will affect the economy of the country. It is generally admitted that the oil industry cannot be maintained at more than a fraction of its previous output except by means of a properly integrated foreign organisation. If Dr. Mosaddiq's insistence on attempting to conduct it with the help of a number of separately engaged experts is maintained, the effect upon the finances of the country will be disastrous, and the amount of unemployment that will be caused will in itself be an encouragement to Communism.

The attitude of the Persian Government in recent years to the oil industry and to other British concerns in Persia such as the British Bank of Iran and the Middle East, and Sir Alexander Gibbs and Partners, are likely to discourage investment and so help to postpone for some considerable time that development of the country which is necessary if the position of the population is to be improved and if the discontent from which Communism springs is to be abated.

9. I am sending a copy of this despatch to His Majesty's Ambassadors at Washington and Moscow, to the Head of the British Middle East Office at Cairo and to the United Kingdom Delegation, New York.

I have, &c.
F. M. SHEPHERD.

P 10154/6 G

No. 120

PERSIA

(No. 299. Intel. Confidential. October 25, 1951)

My No. 249 Intel of 11th September.

The following are the main developments in the Persian oil dispute since my Intel under reference.

2. Special facilities for the limited convertibility of sterling into dollars and for the supply of certain scarce goods had hitherto been accorded to Persia in view of the contribution which her oil was making to the economy of the United Kingdom. On 10th September His Majesty's Government withdrew these facilities and announced economic and financial measures to protect the United Kingdom economy and the sterling area dollar reserves (my No. 247 Intel of 7th September refers). These measures consisted of a Treasury order under which all sterling payments to and from Persia were made subject to the permission of the Treasury, and the immediate cessation under export licensing arrangements of the supply to Persia from the United Kingdom of scarce goods. In keeping with these export control measures cargoes of scarce goods *en route* to Persia in British ships, amounting to some 3,000 tons of railway track equipment and 3,000 tons of sugar, were requisitioned, and the cargoes are now being returned to the United Kingdom. His Majesty's Government have undertaken to reimburse the Persian buyers concerned. On 10th September the Persian Government retaliated by withdrawing the right of the British Bank of Iran and the Middle East to deal in foreign exchange. His Majesty's Ambassador at Tehran has since protested against this.

3. On 12th September Dr. Mosaddiq sent a letter to Mr. Averell Harriman, for transmission to His Majesty's Government, in which he restated the Persian Government's case and called for a resumption of negotiations concerning the terms of employment of the British staff, compensation to A.I.O.C., and the amount of oil which could be purchased by His Majesty's Government. The letter concluded with the statement that if negotiations were not resumed within fifteen days of its receipt by His Majesty's Government the A.I.O.C. staff would be expelled from Persia. On 15th September Mr. Harriman replied, explaining that while Dr. Mosaddiq's proposals represented no advance on the Persian Government's position during the Tehran negotiations but a retrogression, his reference to the expulsion of the British employees would militate against a settlement and aggravate an already serious situation. He could not therefore pass on the communication. Mr. Harriman dwelt on the fundamental need for an integrated body of foreign experts and technicians to ensure the efficient operation of the industry and stressed the view of the United States Government that seizure of foreign assets without prompt, adequate and effective compensation,

or alternative arrangements satisfactory to the former owners is, regardless of intent, confiscation rather than nationalisation. He also underlined the need to utilise existing distributive and marketing machinery, and concluded by expressing the hope that Dr. Mosaddiq would reconsider his letter and that basis could be found for resumed negotiations.

4. The Shah informed His Majesty's Ambassador on 17th September that Dr. Mosaddiq now wished to come to an agreement and had indicated his willingness to accept—

- (a) a British general manager, who would sign the contracts of the British staff, and
- (b) purchases by the United Kingdom of 15 million tons of oil annually.

His Majesty's Ambassador declined a suggestion that he might see Dr. Mosaddiq, but suggested that if the latter really had constructive proposals he might put them in writing. On 19th September the Minister of Court gave him a document which did not include either of the points mentioned by the Shah and was confined to the three matters which Dr. Mosaddiq had always insisted could form the only subjects for negotiation, namely, compensation for the A.I.O.C., sale of oil to His Majesty's Government and the terms of employment under the National Iranian Oil Company (N.I.O.C.) of the British technicians. These proposals offered no hope that the Persians would accept any solution to the dispute which would enable the oil industry to function efficiently. Furthermore, whatever arrangements for compensation might be agreed on paper, compensation itself could only be paid out of oil revenues: these oil revenues would be forthcoming only from an efficient industry: and there could be no efficient industry unless conditions were such that the British staff remained. On this crucial point of tolerable conditions of service the Persian offer made no advance whatever towards our point of view. In addition, doubts about the good faith of this latest approach were increased by the fact that the proposals were presented on an unsigned and undated piece of unofficial paper, and by the consideration that Dr. Mosaddiq was undoubtedly seeking to be able to represent himself at the Majlis meeting on 23rd September as in negotiation with us. Accordingly, on 22nd September, His Majesty's Ambassador, acting on instructions, informed the Minister of Court that His Majesty's Government considered the proposals no advance on previous offers and, therefore, as constituting no basis whatsoever for negotiations.

5. Dr. Mosaddiq absented himself from the Majlis meetings both on 23rd and 25th September, but, on the latter date, without consulting the Majlis further, sent a telegram to the Provisional Board of the N.I.O.C. instructing them to inform all British technicians that they must leave Persia within a week from 27th September. His Majesty's Ambassador protested in the strongest terms to the Persian Minister for Foreign Affairs, expressing astonishment that the Persian Government had decided to take these drastic measures without any communication whatever to His Majesty's Government, and leaving him in no doubt that the Persian Government bore full responsibility for the consequences of their decision. His Majesty's Ambassador also conveyed to the Shah a message from Mr. Attlee pointing out that the expulsion of the A.I.O.C. staff would greatly affect relations between the two countries and have the most serious effects on Persian economy and on her internal and external situation. The message concluded by urging the Shah to take immediate action to ensure that the expulsion measures would not be carried out. Mr. Morrison also sent a personal message to Mr. Acheson pointing out the dangers of the situation and asking that the United States Ambassador in Tehran be instructed to associate himself with Sir Francis Shepherd's representations. Mr. Loy Henderson (who has now succeeded Dr. Grady as United States Ambassador at Tehran) was duly instructed in this sense and supported His Majesty's Ambassador in his efforts to have the expulsion order rescinded. All these *démarches* were, however, unavailing.

6. On 28th September His Majesty's Government requested an early meeting of the Security Council to consider a "complaint of failure by the Iranian Government to comply with provisional measures indicated by the International Court of Justice in the Anglo-Iranian Oil Company's case" and tabled a resolution in which the council called upon the Persian Government to act in accordance with the Hague Court Order of 5th July and, in particular, to permit the continued residence at Abadan of the British staff. At a meeting on 1st October (by which time the decision to withdraw the A.I.O.C. staff had been announced—see

paragraph 7 below) the Security Council decided by nine votes to two (Soviet Union and Yugoslavia) to place this item on its agenda, but, despite a strong plea by Sir G. Jebb that the matter should be considered speedily, decided to postpone further hearings for ten days or until such time as the Persians were ready to present their case.

7. Meanwhile, the position of the A.I.O.C. staff had become increasingly difficult, and it was clear that, whether the Persian expulsion order was withdrawn or not, they would not be prepared to remain in Abadan (except on conditions involving a partial restoration of their former position which plainly could not be realised). This became known in Abadan and was widely reported in the press. It was therefore decided, and announced on 1st October, that the staff would be withdrawn on 3rd October. They were duly evacuated without incident and taken in His Majesty's ship *Mauritius* to Basra whence they were flown back to the United Kingdom. His Majesty's Consul-General at Ahwaz (resident at Khorramshahr) for whose withdrawal the Persian Government had been pressing, departed the next day with the last of the A.I.O.C. staff. Subsequently His Majesty's ships which had been disposed in the Persian Gulf during the period of tension in South-West Persia were withdrawn.

8. A Persian delegation, headed by Dr. Mosaddiq, arrived in New York on 8th October, and on 15th October the Security Council met again. Discussions in New York having revealed insufficient support for our original resolution, Sir G. Jebb tabled a new draft, revised in close consultation with the United States Government. This new resolution referred to the Hague Court Order in its preamble and, in its operative section, called for a resumption of negotiations in accordance with the principles of that order, unless other mutually agreeable arrangements were made consistent with the purpose and principles of the United Nations Charter. It had seemed possible that we might muster the necessary seven votes for this resolution, but it became clear in the course of debate that the Indian and the Yugoslav delegates would vote only for a resolution still further weakened in that it made no references at all in its operative section to the Hague Court Order. A joint Indian-Yugoslav amendment in this sense was tabled on 16th October. We accepted this amended resolution, but the Yugoslav delegate, after further backsliding as regards references to the Hague Court in the preamble of the resolution, subsequently indicated on 18th October that he would urge adjournment for a week so that the matter could be taken up in Paris (the Security Council being on the point of going there in connection with the General Assembly meeting). On 19th October, therefore, the French delegate (at our instigation) proposed that the question be adjourned until the Hague Court had pronounced on the case now before it (our "memorial" was submitted to the court on 10th October and the Persians now have three months in which to make a written statement of their case). This resolution was carried by eight votes, with one (U.S.S.R.) against, and two (United Kingdom and Yugoslav) abstentions. From first to last Dr. Mosaddiq denied the competence of the Security Council (and of the Hague Court) but took the opportunity of delivering two polemical speeches in the council.

9. These events have been widely reported in the world press and you may use the above freely (with the exception of the references to the Shah in paragraph 4 and to Mr. Attlee's and Mr. Morrison's personal messages in paragraph 5 above). In particular you may wish to draw on paragraph 4 to refute suggestions that His Majesty's Government cursorily rejected a genuine Persian offer to renew negotiations. On the Security Council, you should take the line that the decision to await the Hague Court's final ruling on its competence is a welcome recognition both of the court's standing as the highest judicial organ of United Nations and of its competence in the case. We have from the start based our case on the interim decision of the Hague Court, and it is satisfactory that the Security Council should have directed attention in this way to the court's findings.

[Copied to United Kingdom High Commissioners in all Commonwealth countries and to His Majesty's Ambassador, Dublin.]

EP 1016/36

No. 121

RECRUDESCENCE OF OVERT ACTIVITIES OF THE TUDEH PARTY IN PERSIA

Mr. Middleton to Mr. Eden. (Received November 7)

(No. 307. Secret)

Tehran.

Sir,

November 5, 1951.

In my despatch No. 216 of 30th July I had the honour to submit a review of Tudeh activities in Persia during the previous two months. During the three months that have passed since that despatch was written the Tudeh Party appears to have passed through a period of relative quiescence from which it is now awakening. Their abstention from public demonstrations was due in part to the need of a breathing space in which to reconsider their position after the clash with the police on 15th July and to work up their organisation and improve the morale of their followers. Moreover, they did not wish further to embarrass the Government, from which they hoped to obtain their requirements without a fight.

2. The Tehran organisation of the Tudeh Party had made its mark with the demonstration of 15th July but this was in the nature of a Pyrrhic victory and it is not surprising that the Tudeh Party has been chary of staging public demonstrations. The Society for the Struggle against Imperialist Oil Companies did indeed stage a memorial meeting on 40th day after 15th July to mourn those killed on that occasion, but the meeting took place in the Fauzieh Square, the only place licensed for public meetings, and passed off without incident. Another body in which the Tudeh Party is interested and which staged a meeting about this time was the Association of Democratic Journalists. This meeting was also held in Fauzieh Square and was attended by some prominent Government supporters as the association draws its membership from a broad field. The Partisans of Peace also held one public meeting during this period, on 7th September outside the House of Peace, which was closed for one week as a result of 15th July disturbances. They were then given permission to use the House but their activities did not attract public attention. The House was, however, used between 27th and 29th July for a Festival of Youth which was intended as a curtain-raiser to the Berlin Festival and in which delegations from the provinces took part.

3. One result of 15th July was that Tehran was left without an effective Chief of Police. As mentioned in my despatch under reference, the Chief of Police of the day, Major-General Baqa'i was dismissed as a scapegoat. The supervision of the police was taken over by Major-General Zahidi, the Minister of the Interior, who, however, found himself deserted by his Ministerial colleagues over his firm stand against the Tudeh and resigned on 2nd August. It was not until 22nd August that Major-General Muzayini arrived in Tehran from Washington, where he had been military attaché at the Persian Embassy, to become Chief of Police. General Muzayini has shown himself willing to take strong action against the Tudeh Party but has unfortunately gone about his task with an excess of maladroit zeal and with the object of personal glorification. (In his defence, however, it must be said that if he took strong action against the Communist cover organisations he would very probably be repudiated by his Government.) Apparently on his own initiative, he summoned a press conference on 14th October when he dilated upon the democratic virtues, and the dangers of Communism. He referred to the activities of the Tudeh Party on the old Persian autumn festival of Mihrgan which marks the anniversary of the foundation of the Tudeh Party and which fell this year on 3rd October (coincident with the beginning of Muharram): on this occasion pamphlets were circulated but no demonstrations on the scale of last year's Mihrgan celebrations were staged. General Muzayini also mentioned the circulation of a cyclostyled copy of *Mardum* in Paris and the sending from abroad to "peace" organisations in Tehran of Communist propaganda, some of which had been seized by the police. Public reaction to this press conference was not favourable; in the opinion of some, General Muzayini had been instructed by Dr. Mosaddiq, now in America, to hold it in order to impress the Americans with the Communist danger which was to be the principal argument that Dr. Mosaddiq would use in America. Press

comment reflected this dissatisfaction; the crypto-Communist *Bisuyi Ayandeh* reflected it with more warmth than discretion and was thereupon suppressed (only to reappear immediately under a new name).

4. It may be said that the present recrudescence of Tudeh activity dates from the 10th anniversary of the founding of the party. Since then there have been demonstrations by unemployed outside the Majlis in favour of the discharged Tudeh workers from Abadan now taking refuge in the Majlis and a strike, with scant success has been organised in the Tehran Silo. Pamphlets of a most insulting nature against the Shah were distributed on his birthday, 27th October, almost under his nose in the stadium where he was watching the annual athletic contests. As a result of this, twenty-six people were arrested and are now awaiting trial. Finally, following the classic procedure of using a nationalistic feeling for their own ends, the recently-founded Tudeh-controlled Students' Organisation on 30th October staged a march from the university to the Majlis to express their solidarity with Egypt. This demonstration (of which a detailed description is given in Chancery's letter to Eastern Department No. G 10106/59/51 of 5th November, 1951) was remarkable for its high standard of organisation and for the fact that it took place despite an explicit police ban and despite the personal intervention of General Muzayini as the procession was forming up at the university. Only half-hearted efforts were made to stop them by the policemen posted around the university who seemed happy enough to escort the students on their march. The

procession, which passed by the wall of this embassy, bore and shouted slogans directed against imperialism in general, both British and American, and the whole affair bore very definitely the Tudeh stamp.

5. Against this success of the Tudeh, General Muzayini can fortunately set a notable success. Some days before he had discovered and raided the headquarters of a Tudeh Party local council when two men were apprehended burning documents. It seems that not many were destroyed and that the remaining ones contain long lists of names and other material which will be of assistance to the police in making further arrests.

6. There is no reason to believe that during the period of apparent quiescence the Tudeh Party gave up its work of strengthening and perfecting its underground organisation; there is every indication that it is daily growing in strength and is sure of itself. It seems probable that the Tudeh will seek to secure the election to the XVIIth Majlis of members or sympathisers of the party masquerading as followers of Mosaddiq and Kashani or as Partisans of Peace, and under the benevolent neutrality of Dr. Mosaddiq they may well succeed. Having achieved representation in the Majlis the party would be well placed to pursue its struggle for power and would probably in the first place seek the legislation of the party and its trade unions.

7. I am sending a copy of this despatch to His Majesty's Ambassadors at Washington and Moscow, and to the Head of the British Middle East Office at Cairo.

I have, &c.

G. H. MIDDLETON.

EP 1531/2082

No. 122

ANGLO-PERSIAN OIL DISPUTE

From Foreign Office to Sir O. Harvey (Paris)

(No. 1625. Secret) Foreign Office.
(Telegraphic) November 7, 1951.

The following principles taken as a whole represent in our opinion the minimum requirements that must be satisfied in any settlement of the Persian dispute. We think that they are the conditions upon which any oil company would need to be satisfied before undertaking any responsibility for running any part of the Persian oil industry or contracting to buy or market large quantities of Persian oil:

and without the co-operation of the oil companies Persia cannot hope to draw any substantial benefit from her oil. There is nothing in these principles which is inconsistent with nationalisation.

1. Principle

There must be fair compensation for loss caused by nationalisation of concessionary rights and property, to be agreed between the two parties or, in default, settled by arbitration.

Comment

The amount of compensation cannot be settled unilaterally. It must be agreed between the parties or if agreement is not possible settled by independent arbitration acceptable to both parties or the International Court of Justice.

Unless this principle of leaving the question of compensation to be settled by some independent judicial authority is accepted, no British or American interest in foreign countries is safeguarded against breach of contract and there is no possibility of encouraging foreign investment in backward countries to save them from Communism which is as much an objective of American as it is of British policy.

2. Principle

It is not enough when nationalisation occurs that there should be the acceptance of the principle of fair compensation; it is necessary as Mr. Harriman publicly stated, that there must be security for payment of effective compensation.

Comment

In the case of Persian oil proper compensation can only be paid if their oil industry is maintained on about its present scale and in effect in the form of oil. This requires:—

- (i) that there should be efficient management of the oilfields and refinery and effective co-ordination between the two;
- (ii) that some company having world-wide markets should be prepared as a commercial proposition to rely over a period of time upon Persian oil instead of other countries' oil for supplying their markets.

No company with world-wide markets can possibly afford to commit itself to rely on Persian oil unless the persons responsible for managing the oilfields and refinery are, *in the opinion of the company*—

- (a) properly qualified; and
- (b) guaranteed adequate powers;

to ensure that the oil will be forthcoming at the right time in the right quantity and quality and at an economic price.

It is not enough that Persia should agree to appoint a number or even a majority of neutrals to the Board of the N.I.O.C. The neutrals and the majority of the Board must be people in whom any company running the refinery or committing itself to the marketing of Persian oil (crude or refined) will have confidence. There must also be confidence that these people will have adequate powers guaranteed to them for the carrying out of their responsibilities.

3. Principle

Persia should not by reason of her unilateral action secure, overall, more favourable terms than concessionary Governments which have respected their contracts.

Comment

Subject to the establishment of the principle of fair and effective compensation (preferably in the form of free oil) and efficient management of the Persian oil industry (crude and refined products) on which effective compensation depends, it would be possible to consider a scheme under which Persia secured more than 50 per cent. of the profits arising out of the remainder of her oil production. This possibility, however, is not one on which His Majesty's Government can commit the A.I.O.C. or any other oil company.

4. Principle

His Majesty's Government cannot negotiate on a basis of discrimination involving the exclusion of its own nationals.

Comment

Even if we accept the American view that it is important to maintain Mosaddiq in power and that so long as he is in power the A.I.O.C. cannot undertake operation in Persia, we must at least insist that in practice as well as in form neither British concerns nor British subjects shall be excluded from those foreigners who will have to help Persia to run its oil industry.

Any other principle would be fatal to any foreign investment in any country since no company operating anywhere would have any security whatsoever. Furthermore, no British Government would secure the acceptance of any other principle in Parliament.

REPORT ON EVENTS IN PERSIA, OCTOBER 1951

Mr. Middleton to Mr. Eden. (Received November 14)

(No. 310. Confidential) *Tehran,*
11th November, 1951.

With reference to Sir Francis Shepherd's despatch No. 283 of 11th October, I have the honour to send you herewith a report on events in Persia during the month of October 1951.

Oil Nationalisation

2. During October the centre of activity shifted outside Persia: first to New York, where the oil question was before the Security Council from 1st October to 19th October, and later to Washington, where Dr. Mosaddiq prolonged his stay in the United States in order to have talks with the State Department.

3. His Majesty's Government's application to the Security Council to consider as a matter of urgency the dispute between Britain and Persia was debated on 1st October, and the British complaint was put on the agenda by nine votes to two. At the Persian delegate's request, however, its hearing was adjourned for ten days to allow Dr. Mosaddiq to come to New York to present Persia's case in person.

4. As it was already apparent by 1st October that no action would be obtained from the United Nations to stay or cancel the Persian Government's expulsion order against the staff of the Anglo-Iranian Oil Company who still remained at Abadan, arrangements were made to evacuate the main party in H.M.S. *Mauritius* to Basra on 3rd October, the day before the expulsion order expired. The embarkation was carried out smoothly, and the Persian authorities were evidently concerned to maintain order and prevent provocative incidents. Unco-operative to the last, the Persian Government rejected a British request to allow the cruiser to come alongside or to ferry the British staff from the shore in British naval craft; instead, they were embarked in Persian naval craft. Four members of the A.I.O.C. supervisory staff left for Basra on 4th October by road, and Major Capper, His Majesty's Consul-General at Ahwaz, by launch.

5. On 4th October the Persian Prime Minister attended the Majlis to give a report

on the situation arising out of the reference of the oil dispute to the Security Council, and announced his intention of leading the Persian delegation, which included four members of the Mixed Oil Commission. The delegation left for New York on 7th October.

6. The statutes of the National Iranian Oil Company (N.I.O.C.) were presented to the Majlis on 2nd October and referred for study to the Mixed Oil Commission. They have not yet been adopted and the company which aspires to fill the gap left by the A.I.O.C. has not yet therefore been officially constituted even on paper.

7. His Majesty the Shah was evidently concerned at the possible results of the Security Council's discussion of the oil question. He sent his Minister of Court, Mr. Ala, to inform His Majesty's Ambassador on 5th October that he hoped His Majesty's Government would (a) word their resolution so as to avoid a Russian veto, and (b) avoid debate by reopening negotiations with Dr. Mosaddiq. His Majesty's Ambassador informed Mr. Ala on 11th October that a fresh resolution had been worked out in agreement with the United States Government and that a Russian veto would probably be avoided if the Persian delegation accepted it. The Shah asked later the same day whether the reference to the Hague Court's interim decision could be omitted from the resolution, and also reiterated his hope that negotiations could be started before the Security Council debate.

8. The amended British resolution was tabled before the Security Council on 12th October and debated on 15th October. In his speech, Dr. Mosaddiq denied the competence both of the Hague Court and of the Security Council to intervene in a matter which was a domestic concern of Persia, and delivered a diatribe against alleged British political and economic oppression of Persia during the past fifty years and the alleged interference of the A.I.O.C. in Persian internal affairs. When the sitting was resumed on 16th October Dr. Mosaddiq developed further his argument that His Majesty's Government were wrongly trying to make an international dispute out of a purely domestic question:

His Majesty's Government having recognised the principle of nationalisation, the only remaining issue was that of compensation to the A.I.O.C. In the session of 17th October Dr. Mosaddiq attacked His Majesty's Government and the A.I.O.C. at length for making vast profits at Persia's expense, and then attempted to argue that the 1933 concession had been extracted from the Persian Government under duress.

9. The Security Council's consideration of the matter ended on 19th October, when a French procedural resolution was adopted, by eight votes, proposing that the debate should be adjourned until The Hague Court had finally pronounced on its competence in the oil case pending before it.

10. The Security Council's decision met with a mixed reception in Tehran. Both the Government and the Opposition claimed it as a victory, but the latter seemed on the whole better pleased. Attention remained directed on Washington, where Dr. Mosaddiq was the guest of President Truman and was received by Mr. Acheson; during the remainder of the month he had frequent discussions with State Department officials, and the government-inspired press in Tehran took the optimistic line that through the mediation of the United States Government Great Britain would be constrained to reopen negotiations with the Persian Government on Dr. Mosaddiq's own oft-repeated terms. The Under-Secretary of the Ministry of Finance, Engineer Hasibi, who is also a member of the Mixed Oil Commission, left for Washington on 25th October on Dr. Mosaddiq's orders.

Internal Political Affairs

11. When His Majesty's Government's reference of the oil question to the Security Council became known at the beginning of the month, the official opposition in the Majlis declared a temporary truce with the Government, and political activity was much diminished.

12. The Senate was recalled from its recess on 6th October to hear Dr. Mosaddiq's report on the oil question and to receive three new Ministers: Mr. Nariman, Minister of Finance, Mr. Muhammad Ali Maliki, Minister of Health and Mr. Adham, Minister without portfolio. On the following day the Shah inaugurated a new session of the Senate: it was instituted in February 1950, and it now appears the intention that a new session should open each year at this time. The Royal speech

(which was reported in Tehran despatch No. 285 of 15th October) outlined briefly and in general terms the domestic and foreign policies of the Government and cited the oil nationalisation laws as an example of the way in which the country's interests were being secured.

13. On 24th October the Senate approved a proposal that any Senator taking a post as Minister, Governor-General or Ambassador should be deemed to have resigned. This decision is not retroactive, but two Ministers who are also Senators, Mr. Kazimi (Minister for Foreign Affairs and Acting Prime Minister) and Mr. Bushihiri (Minister of Roads) must "clarify their positions."

14. When the Majlis resumed its meetings on 16th October after the Muharram holidays (11th-13th October), M. Makki presented a report on his activities in Khuzistan and said that he would not now be returning there. Mr. Ardalan would supervise the operations of the N.I.O.C.

15. After the Security Council had adjourned its consideration of the oil question, the Opposition began slowly to recover heart and parliamentary criticism of the Government was heard again. There was no quorum to vote on the provisional one-twelfth budget resolution on 21st October; but the Majlis passed it, with twelve abstentions, on 24th October after the Senate had approved it at an extraordinary session.

The Minister of Finance tabled a Bill on 30th October asking for a credit of 20 million rials for running the XVIIIth Majlis elections. The inference is that the Government propose to hold the elections as scheduled.

16. The Tudeh (Communist) Party has, after a period of quiescence, been more active during this month; but so also has the Tehran Chief of Police, General Muzayyini, in exposing its activities. Tudeh activities included demonstrations outside the Majlis in support of the discharged Tudeh workers from Abadan, a strike (only partially successful) in the Tehran silo, the distribution of insulting pamphlets in the very presence of the Shah at a sporting event on the occasion of his birthday on 27th October, as a result of which fifty-one persons were arrested and twenty-six of them detained in custody where they now await trial; and on 30th October a students' march from the university to the Majlis, where a demonstration was held to express solidarity with Egypt against the "British and American Imperialists." The Chief of Police held a press conference on 14th October at which

he dilated upon the dangers of communism; a crypto-Communist paper which attacked him was suppressed (only to reappear at once under a new name); and on 27th October he successfully raided a local Tudeh headquarters and seized many documents, which are now being examined. He was, however, unable to prevent the students' demonstration of 30th October, although it was in direct contravention of police regulations.

17. All the Fida'iyan-i-Islam arrested after the incidents of 15th July have been released from gaol, except their leader Nayab Safavi.

18. The Governor-General of Khurasan, Dr. Muhammad Sajjadi, has been transferred to Azerbaijan, *vice* Dr. Iqbal; and Sayyid Jalal-ud-Din Tihriani, Guardian of the Shrine at Meshed, has been made Governor-General of Khurasan.

19. A financial decree of 11th October ordered a 15 per cent. reduction in all credits in the budget for the year 1329, and other economies, including the sale of most Government motor-cars, the suspension of increments in civil service salaries, and the cessation of construction works (except in Khuzistan); no civil servants were, however, to be discharged! These drastic measures are designed to compensate for the loss of oil revenues; but they have aroused strong criticism and are unlikely to be applied in full, nor would they achieve their aim if they were. Government salaries and wages were again paid comparatively promptly by further drawings on the sterling note cover of which only about £4 million was left at the end of October. It is estimated that with this balance the Government may just manage to meet its own and National Iranian Oil Company's salary and wage commitments for this month and next month. There was growing criticism of the rising cost of living even though the upward trend was not very marked. There was also some increase in unemployment.

20. It is reported that talks are to be resumed between the Russian and Persian Governments regarding the latter's financial

claims. There is, however, no news of any progress.

Foreign Affairs

21. Persia's outlook on the world continues to be dominated by the Anglo-Persian oil dispute. The unilateral abrogation by Egypt of the 1936 Treaty was hailed as a further blow against the "imperialists" in the cause of national independence and freedom, and gave occasion—as did the assassination of Liaqat Ali Khan—for a show of solidarity with other parts of the Muslim world. The Western Powers' proposals for a Middle East Defence Organisation were vigorously attacked as an attempt to perpetuate and extend the "imperialist stranglehold" on the Middle East, and the press loudly proclaimed Persia's intention to maintain her neutrality outside such Power blocs. Some responsible elements cautiously admitted, however, that the proposals might be of advantage to Persia, though there was under the present régime no hope of any favourable reception of them.

22. The Persian Government's official thanks were conveyed to the U.S.S.R. for voting against—and to Yugoslavia for abstaining on—the Security Council resolution. As an Opposition paper pointed out, this constituted an admission that the Government were far from satisfied with the outcome of the Security Council's deliberations.

23. His Majesty's Ambassador left Tehran on 28th October for Beirut and London.

24. I am sending a copy of this despatch to His Majesty's Ambassadors at Washington, Moscow and Bagdad; to Air Headquarters, Iraq, through His Majesty's Embassy at Bagdad; to the Commander-in-chief, East Indies and the Senior Naval Officer in the Persian Gulf; to the Political Resident in the Persian Gulf; to the United Kingdom High Commissioners at New Delhi and Karachi; to the Head of the British Middle East Office, Cairo; and to all His Majesty's Consular Officers in Persia.

I have, &c.

G. H. MIDDLETON.

EP 11338/6

No. 124

SOVIET-PERSIAN TRADE

Mr. Middleton to Mr. Eden. (Received 22nd November)

(No. 317 E. Confidential *Tehran,*
Sir, *17th November, 1951*

I have the honour to report on the extent of the trade between Persia and the Soviet Union under the 1950 Trade Protocol between the two countries, to venture an estimate of future trading possibilities and to indicate the present state of the Soviet-Persian negotiations regarding the financial claims on each side and the Persian gold and dollar assets held in Moscow.

2. In spite of M. Razmara's assurances, reported in Sir F. Shepherd's despatches Nos. 319 of 30th October, 1950, and 334 of 30th November, 1950, that trade under the protocol would, on the Persian side, be done through a central State company in Tehran and five other State companies in the northern provinces, this intention was not realised. The five provincial companies came to nothing because of the unwillingness of local merchants to provide the necessary capital. The central State company in Tehran was set up and carried out a number of large transactions directly with the Soviet trade agency, particularly in such goods as tobacco and sugar which fall under Persian Government control. But the bulk of the trade has been carried out by private Persian merchants sometimes under the aegis of the central State Company but often directly with the Soviet trade organisation. As a result and contrary to M. Razmara's intentions, there have been a considerable number of cash transactions between the Russians and private merchants in settlement of their business. Some fifteen to twenty additional Soviet commercial representatives of all grades have come into this country since the protocol was signed. Most of them seem to have been concentrated in Tehran and the Caspian ports, but one or two have also gone to Tabriz and Meshed. Apart from one or two short visits by individuals, they have not been active in the south, nor do they seem to have been particularly active outside the main commercial centres in the north.

3. I enclose a statement showing the quantities of commodities to be exchanged, as set out in the 1950 Protocol or as modi-

fied during the year, cargoes reported at Pahlevi by His Majesty's Consul, Resht and figures of quantities and values of goods cleared through the Persian Customs from 11th November, 1950 (when the protocol came into force) to 22nd September, 1951. Exchanges of goods of any importance did not begin until the end of December 1950. The period of actual trade covered by the Persian Customs figures is, therefore, about nine months. A brief glance at these figures shows quite clearly that, even allowing for the further six weeks or so up to 10th November, 1951, when the protocol expires, the trade between the two countries has fallen far short of the quotas originally agreed. It should, however, be borne in mind that the protocol contained some items the fulfilment of which were already more than doubtful at the time of signature. For example, the 30,000 tons of Soviet iron goods, including rails and railway equipment, were inserted partly at least to temper criticism at that time of a rails contract concluded with a British firm. The supply of Persian rice and cotton in the quantities specified also seemed to be set too high from the very beginning.

4. It is impossible to make an accurate computation of the total value of the agreed exchanges but a rough estimate of about 1,200 million rials on each side is probably not unreasonable. On the basis of this estimate, up to 22nd September, 1951, the Soviet Union had fulfilled 29 per cent. of its quota and the Persians about 34 per cent. of theirs. Bearing in mind that the Customs figures refer only to goods actually cleared and in view of what I have said above about the unreality of certain items in the protocol, this achievement is not as poor as it at first appears. There were bound to be delays in the resumption of large-scale trade after the virtual cessation of the previous three years and these were accentuated by a lack of suitable shipping in the Caspian for the first few months. From May this year, however, both sides were moving cargoes fairly satisfactorily and, since this time, Persian exports have managed to make up their earlier leeway against Soviet exports. The

Customs figures show a balance of trade in favour of Persia to the tune of 67 million rials. They do not, however, include the Soviet shipment of over 500 tons of newsprint at the end of August and beginning of September, which was presumably still to be cleared, nor of course do they give any indication of the value of Soviet goods still lying in Customs. I have reason to believe, and the figures supplied by His Majesty's Consul at Resht seem to confirm this belief, that there are large quantities of Soviet piece-goods still in the warehouses of Pahlevi. The Persian balance is, therefore, probably only temporary. As far as one can judge, goods are now moving at roughly the same rate from each side and neither country will build up a large permanent balance in its favour if trade continues as at present.

5. A clearer guide to the significance of this resumption of Soviet-Persian trade is its relation to Persian trade as a whole and to earlier Soviet performances. Taking the Persian Customs figures as covering nine months of real trade, the annual rate so far would have given a share of about 7 per cent. of total Persian imports during the Persian year 1328 (ending March 1950), which were very high, and 32 per cent. of total Persian exports in that year, which were admittedly low. The rate for imports from the Soviet Union is twice as high as in 1328 and for exports to the Soviet Union eighty times as high. The year 1325 (ending March 1947) was the peak post-war year for trade between the two countries: the U.S.S.R. supplied about 23 per cent. of total Persian imports and took about 21 per cent. of Persian exports. The present rate is, for imports, about half that of 1325 and, for exports, slightly higher than the 1325 rate. The Soviet Union has, therefore, made great progress in recovering its position of four years ago, although it will need to go much further to equal its pre-war performance, when its share of Persian imports and exports was about one-third in each case. It is worth noting that the Soviet Union and Germany, under the Clearing Agreement, together are probably now taking over one-half of all Persian exports; their combined share in 1938 was 65 per cent.

6. The reports on shipments through Pahlevi, obtained confidentially by His Majesty's Consul at Resht, are a clear indication that the great bulk of the trade passes through that port. The main exceptions

seem to be wool, some of which is known to have passed through Bagjiran on the Khurasan frontier, and some of the dried fruit exports which go by rail through Julfa. Although His Majesty's Consul does not claim great accuracy for his figures, they approximate, in the case of the more important commodities at least, closely to the Persian Customs statistics and, reaching me as they do nearly two months before the Customs bulletins, are a useful and up-to-date pointer to the trend of trade.

7. As regards future prospects, there has so far been neither a new agreement nor an extension of the protocol, which has now technically expired. The Under-Secretary of the Ministry of National Economy stated, however, in a press interview on 10th November, that the protocol would continue in force until a new agreement was concluded. Persian and Soviet delegations met in Tehran in September to discuss new arrangements but the talks were adjourned after the first formal meeting. They have recently been resumed though I understand that they are not making much progress. The Persians are seeking larger supplies of sugar now that His Majesty's Government have stopped all sugar export to this country and the cancellation of the convertibility of Persian sterling has made substantial dollar supplies difficult. The Soviets are understood to be particularly interested in obtaining more cotton, shipments of which have so far not been up to their expectations. The other commodities in which they are mainly interested are wool, dried fruit, oil seeds and rice. The rice crop has been poor this year but the Persians may well be able to make up this deficiency with more cotton and wool, now that world demand for these has eased somewhat, and tobacco. With goodwill on each side it should not be difficult to improve on the past year's performance. It has been rumoured that the Persian Government may grant export priorities to the U.S.S.R. for the main commodities supplied from the northern provinces. I understand that the Soviet representatives have not been satisfied with either the quantity or the quality of some of the goods so far supplied.

8. I have no detailed information on the current negotiations. A draft agreement has been drawn up by the High Economic Council, approved by the Persian Cabinet and transmitted to the Soviet delegation. This almost certainly contains proposals for

a clearing agreement, which the Persians wish to introduce in order to prevent the Soviets from amassing large amounts of rials. I have heard from a fairly reliable source that the Soviet delegation has not objected to such an arrangement. Another source, on the other hand, states that the Soviet representatives are insisting on the Persians agreeing to trade operations being conducted direct with Persian merchants. Although the Persian authorities realise that such trade has been going on and will continue, they are still opposed to any formal recognition of the practice.

9. In the meantime there have been press reports of an interim agreement under which the U.S.S.R. is said to have agreed to supply a further 32,000 tons of sugar; the Persian exports to balance this have not been specified. In spite of their wide circulation I doubt the accuracy of these reports. Agreement does, however, seem to have been reached a few weeks ago to exchange 6,000 tons of Russian sugar against the equivalent value of Persian cotton, of which there will probably be nearly 20,000 tons available for export from the new crop, and possibly wool.

10. As regards the effect of this renewed trade on the Persian economy, there is no doubt that it has been beneficial in the Northern provinces and particularly along the Caspian coast, which has experienced a revived prosperity with this return to its natural market. Even the smaller rice crop is unlikely to alter this significantly. Although it will be many months before adequate statistics are available from which to judge the effect on Persia's general balance of trade, it seems reasonable to assume that the resumption of substantial trade with this nearby and traditional market will have a stabilising effect on Persian agriculture as regards some important export crops in that they will be less subject to the vagaries of world demand. It will, up to a certain point, also help to narrow the large gap between Persian export earnings and imports; for some years exports have rarely been valued at much more than half of the imports and, in some cases, even less.

11. As regards the financial negotiations, the two delegations, the Russian led by M. Chichulin of the Soviet State Bank and the Persian by Dr. Behnia of the Exchange Control Commission, had been meeting regularly for about nine months when the talks were suspended in September. The claims under discussion, all arising from the

war and immediate post-war period, are, on the Persian side, for customs duties payable on goods imported by the Soviet Government into Persia, payment for the use by the Soviets of Persian railways and port installations and compensation for damage done to life and property when the Red Army occupied northern Persia in 1941; the main Soviet claim is for expenditure on road construction and the repair of railways and port installations. The Persians do not seem to have put forward as a formal claim the question of the return of their gold (worth \$12.5 million) and dollars (7.5 million) in Moscow, for which they hold a receipt from the Soviet State Bank and which they do not consider to be a matter for negotiation. The question of these assets, was, however, naturally enough very much in the minds of the negotiators. Early in September Dr. Behnia, a shrewd and capable official who was an Under-Secretary in the Ministry of Finance for many years, was optimistic about the possibility of agreement. He said that the main points had been agreed upon and that all that remained to be done was to draw up the final protocol and sign it. He was not deluded into thinking that this in itself would lead to an early return of the gold and dollars. The meetings, however, were interrupted by the new trade negotiations in which members of the Soviet financial delegation participated. When these were adjourned later in September the financial negotiations were suspended. The Soviet excuse was that further consultations in Moscow were necessary. The Persian Foreign Minister called on the Soviet Ambassador in an effort to persuade him to resume the financial talks but, in spite of strong and repeated rumours and press reports to the contrary, there is no sign of their restarting and Dr. Behnia has told a member of my staff that he now has little hope of an early settlement. The Soviet motives are obscure. Reports have been current here that the Soviet Ambassador asked the Foreign Minister for the ban on the Tudeh Party to be lifted as a *quid pro quo* for the resumption of talks. I do not know what foundation there is for these reports but it is conceivable that the Soviet Government are holding back in the hope that the Persian Government, under the pressure of its growing financial difficulties, will make a concession to the U.S.S.R. on these or some other lines, in return for some satisfaction over the Moscow assets.

12. I am sending copies of this despatch to His Majesty's Ambassadors at Washington and Moscow; the British Middle East Office, Cairo; the Lords Commissioners of His Majesty's Treasury; the Under-Secretary, Commercial Relations and Exports

Department of the Board of Trade; and to His Majesty's Consular Officers at Resht, Tabriz and Meshed.

I have, &c.

G. H. MIDDLETON.

Enclosure

SOVIET/PERSIAN TRADE

Column A = Quantities as specified in the 1950 Protocol or as modified later.

Column B = Shipments through Pahlavi between end-December 1950 and early September 1951, reported by His Majesty's Consul, Resht.

Columns C and D = Quantities and values of goods exchanged and cleared through Customs between 11th November, 1950, and 22nd September, 1951, based on Persian Customs announcement.

	A Quantities in agreement	B Reported shipments at Pahlavi (in metric tons unless otherwise stated) (rounded figures)	C and D Persian Customs clearances up to 22nd Sept., 1951 (Value 000 Rials)	
<i>From the U.S.S.R. to Persia—</i>				
Sugar, lump and granulated ...	75,000	21,200	22,135	156,398
Iron goods ...	30,000 (inc. rails)	1,250	1,870	15,100
Cement ...	20,000	12,700	8,938	14,023
Cotton piece-goods ...	50 million metres	25,400 bales	1,022	154,127
Pottery and china ...	20 million rials	34	33	496
Wood, planks and plywood ...	10 million rials	300	436	1,629
Paper ...	10 million rials plus later agt. to supply further 500 tons	900 Newsprint 270 Writing paper	389	5,137
		Total ...	34,824	346,909
<i>From Persia to the U.S.S.R.—</i>				
Rice ...	35,000–60,000	12,750 (inc. some through Naushahr)	14,642	88,762
Cotton ...	3,000 (+ any more possible)	500	504	33,282
Tobacco ...	2,000 (+ 8,000 later)	2,900	2,560	69,988
Wool ...	1,000 (+ any more possible)	Nil	1,553	123,236
Goat hair ...	300	Nil	Nil	Nil
Oil seeds ...	4,000	197	305	2,494
Sheep and goatskins ...	300,000 units	45	8	1,579
Karakul skins ...	30,000 "	Nil	51	7,748
Almonds ...	2,000	Nil	Figures not yet available	
Green misins ...	4,000	Dried } 4,600	3,778	44,475
Dates ...	2,000	fruit }	3,058	17,442
Pistachios ...	1,000	9	38	1,723
Gum tragacanth ...	500	300	232	22,915
Green cummin ...	1,000	Nil	Nil	Nil
		Total ...	26,730	413,645

Balance of trade in favour of Persia: 66,736,000 rials.

P 1015/71

No. 125

THE ANGLO-IRANIAN OIL COMPANY'S ACCOUNTS FOR 1950

To His Majesty's Overseas Representatives

Foreign Office,
(No. 48. Circular) November 27, 1951.

Mandate

Details of Anglo-Iranian Oil Company's accounts for the year 1950 will be published in the London papers to-morrow morning, 28th November. The following notes are for your guidance in the event of press enquiries.

2. The main features of the accounts for 1950 are as follows:—

- The company's gross profit for the year was approximately £84½ million. Of this the United Kingdom took, by way of taxation, £50·7 million, leaving the company with a net profit for the year of £33·8 million, which compares with £18½ million in 1949.
- The figure of £84½ million is arrived at after deduction of £16 million royalties paid to the Persian Government under the 1933 Concession and after an allocation of £16½ million had been made to a Special Contingencies Account. This latter sum is roughly equal to the additional royalty which would have been due to the Persian Government if they had ratified the Supplemental Agreement of July 1949.
- It can therefore be pointed out that if the Persian Government had ratified the Supplemental Agreement they would have received about £33 million in royalties from the company for 1950, or more than double the amount they actually received. In making this point, however, care must be taken to avoid leaving any impression that, as things have developed, the Persians now have any claim of any sort, moral or otherwise, to any part of the additional sum. The very serious losses suffered by the company as a result of the Persian Government's action have completely changed the picture.
- In assessing the revenue derived by the Persian Government from the

operations of the company one must add to the £16 million received (or £33 million offered) by way of royalty, Persia's further receipts from the company by way of customs and other revenue which amounted to over £6 million in 1950. Persia also benefited to the extent of several million pounds by the fact that the company almost alone, among purchasers of rials, had to purchase them at the official rate.

- The size of His Majesty's Government's revenue from A.I.O.C. by way of taxation may be the subject of comment. If it is you should explain—
- That the level of United Kingdom taxation has no bearing on the revenue derived by the Persian Government under the concession;
- That A.I.O.C.'s taxable profits are derived from their production, refining and marketing operations throughout the world of which operations in Persia form only one part. It is, therefore, wrong to suggest that His Majesty's Government has made £50 million out of Persian operations during the year.
- There is no special United Kingdom taxation of A.I.O.C. Any British company earning similar profits would have had to pay as much.
- There is no need to be apologetic about the size of the company's profits in 1950. They represent the rewards of British enterprise and initiative throughout the world and are a measure of the benefits of which Persia has deprived herself by her action in expropriating the company's assets in Persia.

3. The accounts and the statement by the chairman of the company which accompany them are, of course, the sole responsibility of the company.

CONVERSATION BETWEEN THE SECRETARY OF STATE AND THE UNITED STATES AMBASSADOR

Persia

Mr. Eden to Sir O. Franks (Washington)

(No. 1390. Secret) *Foreign Office,*
Sir, *5th December, 1951.*

When the United States Ambassador came to see me this morning, we had a brief discussion about Persia.

2. I said that I had some hopes from the activities of the International Bank. We had found Mr. Garner very helpful, and the discussions here had, I thought, been useful. The Ambassador said that I knew his personal view, that the Americans had been butting in too much and that they had much better let us play our hand ourselves for a bit. He thought we were right to do it this way with the International Bank.

3. Speaking privately, his Excellency added that he was constantly discouraging his people in Washington, who, he thought, were over-eager to take a part. For instance, they had suggested lately that Mr. Linder might go out to Persia once again in some private capacity, but he had discouraged this, and it would not now happen. I thanked the Ambassador.

4. I am sending copies of this despatch to His Majesty's Ambassador at Tehran and to the Head of the B.M.E.O., Cairo.

I am, &c.

ANTHONY EDEN.

PERSIA: MONTHLY REPORT FOR NOVEMBER 1951

Mr. Middleton to Mr. Eden. (Received December 12)

(No. 333. Confidential) *Tehran,*
Sir, *December 9, 1951.*

With reference to my despatch No. 310 of 11th November I have the honour to send you herewith a summary of events in Persia during the month of November 1951.

General

2. The Persian Prime Minister, who had flown to New York on 7th October, did not leave the United States until 18th November, and arrived back in Tehran on 23rd November. No significant developments affecting the Persian oil industry occurred during the month, although it was the subject of prolonged discussion between Dr. Mosaddiq and State Department officials in Washington, and of frequent consultation between His Majesty's Government and the United States Government. During the Prime Minister's absence Opposition Deputies and newspapers sharpened their criticism of the Government's policy or apparent lack of one; but on his return Dr. Mosaddiq quickly re-established his position and won overwhelming votes of confidence in both Majlis and Senate. His

three-day visit to Cairo was exploited to make him appear the champion of a Middle Eastern and Muslim common front against the British "imperialists," and propaganda on this theme helped to cover up the fact that in America he had achieved nothing to solve the oil problem or aid the country's tottering finances.

Oil

3. The failure of the State Department to induce in Dr. Mosaddiq a more realistic attitude towards the oil problem was announced on 13th November in a press communiqué from Washington which stated *inter alia*: "The United States Government has regretfully concluded that while progress has been made no new basis has emerged on which a practicable solution could be reached."

4. On the following day Dr. Mosaddiq made a speech to the National Press Club in Washington which the *Washington Post* described as "another dreary recital of the alleged misdeeds of the Anglo-Iranian Oil Company" (A.I.O.C.). Dr. Mosaddiq revealed, however, that he had asked for

an American loan of \$120 million on the security of future oil revenues.

5. In the meantime you, Sir, had been able to take advantage of Mr. Acheson's presence in Paris to discuss with him and Mr. Harriman possible bases for negotiations with the Persian Government and to communicate to him a statement of the principles on which His Majesty's Government felt a settlement should be reached.

6. A fresh element was injected into the oil question when on 10th November the Vice-President of the International Bank discussed it for two hours with Dr. Mosaddiq at the invitation and in the presence of the Pakistan Ambassador to Washington. The International Bank put forward tentative proposals whereby it might, at the request of Britain and Persia, act as trustee to set up an organisation to manage the Persian oil industry, and find the finance needed to restore it to full working order. Dr. Mosaddiq appeared willing to explore the possibilities of this idea and at the end of the month it was being further considered by His Majesty's Government and American authorities in consultation with officials of the International Bank. In view of a press leak official statements were made by His Majesty's Government and the Bank that the possibility of the Bank's playing a part in finding a solution of the oil problem was being considered along with other suggestions, but that neither side had formally asked the Bank to intervene.

7. The National Iranian Oil Company (N.I.O.C.) published its first report on the resumption of operations at the Abadan refinery; between 2nd and 12th November over 25 million gallons of crude had been pumped from Agha Jari (which is very little more than the Anglo-Iranian Oil Company produced in one day) and from this 5.37 million gallons of petrol, 3.67 paraffin, 3.514 gas oil and 12.65 fuel oil had been produced.

8. Dr. Fatimi stated on 26th November that the Persian Government was preparing its reply to His Majesty's Government's complaint to The Hague Court. The reply would contest the Court's competence, and it might be presented by Dr. Mosaddiq in person. Dr. Fatimi also announced that it was hoped to sell up to a million tons of oil a year to Egypt.

9. During the month the Bill containing the statutes of the National Iranian Oil Company was given its first reading in Parliament, but has not yet been passed into law.

10. The representative in Tehran of the Anglo-Iranian Oil Company's London board, Mr. N. R. Seddon, left on 4th November as his residence permit had been withdrawn.

Internal Political Affairs

(a) Parliamentary

11. Until the Persian Prime Minister's return the political scene remained stagnant. There was growing criticism of the Government in the Majlis and the press at the evident lack of success of Dr. Mosaddiq's Washington talks, and support for the idea that a stronger Prime Minister was needed to restore the authority of the Government and deal with the deteriorating economic and financial situation. Qavam-us-Sultaneh was the most frequently canvassed name for the succession to Dr. Mosaddiq. The Shah, however, remained undecided: his refusal to give any lead to the Opposition, and the latter's own differences as to who should replace Dr. Mosaddiq, were the principal factors which enabled the Prime Minister to obtain votes of confidence in both Majlis and Senate with no adverse votes.

12. Dr. Mosaddiq was vociferously welcomed by a large crowd on his return from Egypt on 23rd November, and immediately had a six-hour audience of the Shah. In his report to the Majlis on 25th November the Prime Minister reviewed the meetings of the Security Council and took credit for having defeated the British manoeuvre and for having made the world realise the iniquities of the Anglo-Iranian Oil Company. In spite of Persia's good-will and the efforts of the United States Government his talks in Washington had not availed in face of Britain's refusal to accept any reduction of the profits previously gained from the oil industry. He stated that President Truman had promised careful consideration of his request for a loan and reviewed the position of the different types of assistance available from America. He described his reception in Cairo (paragraph 21 below) and exhorted the Deputies and the nation not to waver in their national struggle. The Speaker intervened to silence the cheers of the Government's strong-arm supporters who crowded the public galleries, and upbraided the Prime Minister for disregarding the Chamber's wish to postpone the elections for nearly one month. The Opposition Deputy, Jamal Imami, boldly attacked Dr. Mosaddiq for having achieved nothing during his seven months in power and for

going against his previous declaration that he would not be an "elections Prime Minister." Dr. Mosaddiq replied that it was his duty to hold elections forthwith as he saw the British were planning the fall of his Government and interference in the elections. Seventeen of the Deputies present abstained from the vote.

13. Dr. Mosaddiq gave a similar report to the Senate on 26th November and received the votes of all thirty-six Senators present.

(b) General

14. On 4th November the Majlis debated a letter from the Rector of Tehran University stating that the university would be closed until the Government took the measures which it had requested for its own protection: these included the provision of a special guard and the prosecution of the persons guilty of disrespect towards the university on 31st October (when a large number of students invaded the University Council meeting). Mr. Sanjabi, the Minister of Education, who was with Dr. Mosaddiq in Washington, arrived back in Tehran on 10th November to investigate the situation. The university reopened on 13th November after three of the dismissed students had been arrested as members of the proscribed Tudeh Party. There was more trouble on 17th November, which the Tudeh-sponsored Students' Organisation tried to celebrate as "International Students Day." Students assembled in the Medical Faculty and refused to leave; the gates were shut to prevent other joining them. Crowds collected outside the university and the police had trouble in controlling them. A battalion of the Imperial Guard was sent for, and those shut up within the university were released early the next day.

15. The police announced the discovery of two Tudeh printing presses on 15th and 18th November, and three arrests were made.

16. High school girls demonstrated on 26th November in protest against the expulsion of eleven of their number for indiscipline and Tudeh activities. A strong force of police was sent against the girls, who were later joined by schoolboys and workers. Fighting ensued and both sides had casualties. The Cabinet discussed the matter the same evening and General Muzavini, Chief of Police, handed in his resignation (which he is reported to have had in readiness for some time).

Economic and Financial

17. The Minister of Finance tabled his budget for the current Persian year 1330 on 11th November—eight months after the commencement of the year—and rashly claimed that it was the first to be balanced for many years. It was only too obviously balanced by omissions and over-optimistic estimates of revenues and economies and was subject to severe criticism by the Opposition.

18. The International Monetary Fund agreed to the Persian request to provide dollars against rials to the total of Persia's gold subscription to the fund, i.e., \$8.7 million, which will cover the budgetary deficit for a few weeks and essential import requirements for perhaps two months. Despite its rapidly dwindling resources the Government managed to pay all its employees with only about three weeks' delay; the oil workers were again paid promptly. Prices of some essential foods began to rise during the month and, after remaining stable for a couple of months, the rial weakened appreciably on the open market at the end of November, no doubt as a reflection of the failure of Dr. Mosaddiq's mission to the United States.

Foreign Affairs

19. The anniversary of the Soviet Revolution on 7th November was marked by declarations of Perso-Soviet friendship and by the signing at Astara of a protocol regarding Perso-Soviet differences of frontier demarcation.

20. No definite progress was, however, made with either the new trade agreement with Soviet Russia or the negotiation for the return of Persian gold from Moscow; indeed, these latter negotiations seem to have been suspended.

21. On 14th November Dr. Mosaddiq reported from Washington that he had accepted an invitation of the Egyptian Government to spend several days in Cairo on his way home. His arrival there on 20th November provided the occasion for a noisy demonstration of anti-British sentiments and declarations of Perso-Egyptian common cause against the "imperialists." On 22nd November Mr. Jamal Imami pointed out in the Majlis that Nahas Pasha had not met Dr. Mosaddiq at the Egyptian airport and asserted that if the journey was made on an official Government invitation the Persian nation had been insulted. He also criticised Dr. Mosaddiq for aligning Persia in an

anti-British bloc whereas he had always maintained that the oil dispute was with a commercial company and not with His Majesty's Government. His was not the only voice raised in criticism of Dr. Mosaddiq's Egyptian visit, and the Shah is believed to have been displeased.

22. I am sending a copy of this despatch to His Majesty's Ambassadors at Washington, Moscow and Bagdad; to Air Headquarters, Iraq, through His Majesty's

Embassy at Bagdad; to the Commander-in-Chief, East Indies, and the Senior Naval Officer in the Persian Gulf; to the Political Resident in the Persian Gulf; to the United Kingdom High Commissioners at New Delhi and Karachi; to the head of the British Middle East Office, Cairo; and to all His Majesty's Consular Officers in Persia. I have, &c.

G. H. MIDDLETON.

EP 1015/422

No. 128

OBSERVATIONS ON THE INTERNAL SITUATION IN PERSIA

Mr. Middleton to Mr. Eden. (Received 12th December)

(No. 337. Confidential) *Tehran.*
Sir, 10th December, 1951.

With reference to my telegram No. 1707 of 12th December, I have the honour to submit certain observations on the internal situation in Persia.

2. The vote of confidence which Dr. Mosaddiq obtained in the Majlis on 25th November when he reported on his journey to the United States and asked for the immediate holding of elections came as something of a shock to the Opposition. The latter had affected to believe that when the Prime Minister returned empty-handed the bankruptcy of his policy would become apparent and his removal would only be a matter of time and opportunity. But these hopes were disappointed and Mosaddiq was almost immediately able to show that he can still control parliamentary and public opinion. This is due in part to his personal popularity, greatly diminished though this is, in part to intimidation, and in part to the lack of a cohesive Opposition and of political discipline among his opponents, and to the absence of any rival leader with a well-defined programme. He succeeded therefore in temporarily re-establishing his position and in resuming the initiative which he had to some extent lost during his absence from the country.

3. Below the surface, however, the situation had begun to give evidence of a marked deterioration. Information reaching us from special sources showed that the activities of the Tudeh had increased and the organisation of the party greatly strengthened in recent weeks. The infiltration of Government departments continued and a successful attack on labour organisations had been started. The hard core of the party remained small but the negative

policy and feeble administrative hold of the Mosaddiq Government had virtually forced the Communists into showing greater activity. As a revolutionary party they must, to maintain their position, pursue continually aggressive tactics and, when no opposition is met, they have no alternative but to advance. Overt activities likely to cause unfavourable reaction were held to a minimum but cover organisations such as the Partisans of Peace, the Society for Promoting Literacy, the Friends of the Peasants and others came more into the open and there took place a series of minor strikes and demonstrations by tailors, bakers, students, &c., which, while almost certainly not Communist in themselves, undoubtedly received support from the Tudeh and served the purpose of demonstrating the ineffectiveness of the Government.

4. Another element of unrest and uncertainty concerns the elections for the new Majlis. As I reported in my telegram No. 1657 of 15th November a postponement of the voting period until 18th December had been approved in the absence of Dr. Mosaddiq. On his return however he insisted that the letter of the law must be observed and that the electoral period should begin immediately. The Prime Minister obtained the necessary vote of confidence on 25th November and it was supposed that the electoral machine would at once begin to function. Over two weeks have passed however without any definite decision as to the date on which actual voting is to begin. It is likely that this delay is due to administrative weakness and possibly, too, to the uncertainty of the Government as to their ability to control the elections. It is known that several Governors-General have warned the central

Government that in existing circumstances the elections could not be held without a very grave risk of disturbances and bloodshed. The list of official candidates has not been easy to draw up owing to rivalries and dissensions within the National Front groups and Dr. Mosaddiq probably realises that he is not in a position to ensure elections which could not subsequently be challenged, let alone the "free" elections which he has repeatedly promised.

5. The demonstrations of 6th December provided striking evidence of the general bankruptcy of governmental authority. The behaviour of both police and military towards the students and children can only be described as a deplorable combination of inefficiency and brutality. The incompetence of the security authorities and the intervention of Dr. Baqai's gangs resulted in a relatively harmless student demonstration ending as a general riot throughout large portions of Tehran. In the course of the riot the headquarters of the Partisans of Peace were destroyed, the premises of most of the opposition press were subject to physical attack and considerable damage was done to shops and buildings. The editors of opposition newspapers and a number of Deputies are now taking sanctuary in the Majlis and the net result has been the most severe blow to the prestige of the Mosaddiq Government since the disturbances of 15th July. A feature which has particularly disturbed responsible opinion is the use of gangs of toughs by Dr. Baqai's Toilers Party to attack the premises of newspapers critical of the Government and the National Front and the benevolent neutrality adopted towards these gangs by the police.

6. Throughout this period the Shah has remained passive. In the audience which I had with him on 4th December I reported to him the evidence which we had from our own special sources of increasing Tudeh activity and endeavoured to persuade him of the urgent need to take counter measures. I think the Shah is aware in general terms of the danger which threatens both his country and his throne from that quarter. He appears to believe however that it is not much more than a manifestation of the general anti-Western emotion which is prevalent throughout the Middle East and that the most effective way to combat the Communists would be to solve the oil question and to devote the revenues of a revived oil industry to the furtherance of social reform. He has at all events failed to give any kind of lead in the current political

crisis and there is no doubt that his personal reputation as well as the prestige of the monarchy is now at a very low ebb.

7. Indeed since the beginning of the oil crisis the attitude of the Shah has been difficult to determine. Not only is he indecisive and timid by nature but I am now inclined to believe that he may also be actuated to a large extent by a desire to be avenged of the British for having, as he thinks, expelled his father from Persia. His feelings of resentment on this point were probably heightened by his experience in the first few years of his reign when the country was under Allied occupation and he was treated rather like a naughty though privileged child. During the Soviet crises of 1946 and 1947 the Shah was obliged to turn to the British, as to the Americans, for support against the Russians and when later he turned to constitutional questions, he found it convenient to let it be believed that he had British support in introducing the measures extending his constitutional powers. But with the accession to power of a Prime Minister pledged to uproot the greatest single British interest in this country his true feelings came uppermost. At least superficially during the last six months he has always maintained a show of wanting to meet our wishes but in practice he has done nothing whatever in that direction. In particular in September he was adamant in resisting the strongest pressure from His Majesty's Ambassador to remove Mosaddiq from office and to put Sayyid Zia in his place; indeed our support appears to have caused such an adverse reaction in the Shah's mind that shortly after Sayyid Zia found it tactically prudent to assure the Shah that he had no desire whatever to be Prime Minister. Therefore while his own weakness and irresolution and Mosaddiq's skill in playing on them have certainly been important factors, Mosaddiq has also derived much strength from the fact that his policies have satisfied the Shah's desire, kept hidden from us, to see Britain humiliated and reduced to impotence in this country.

8. Nevertheless the attitude of the Shah remains to a large extent the key to the situation. He alone can give a strong public lead in time of emergency and conversely he can frustrate almost any political movement in opposition to Mosaddiq by his implicit support of the latter. This has been clearly shown by the failure of the efforts of both Sayyid Zia, the honest reformer, and Qavamus-Saltaneh, the astute and experienced politician, to come to power. If the earlier analysis of his character is correct

the Shah will not by inclination accept advice from us nor does he really believe in the need for sincere friendship with Britain. It is unlikely, too, that he would be much more amenable to American guidance or even to combined pressure from both countries. There remains however the element of fear. There has recently been a considerable increase in speculation as to the possibility and, indeed, desirability, of turning Persia into a republic. If this movement continues it might have a vital effect on the Shah's way of thought and he might yet turn to the Western Powers for advice and guidance. There is the further possibility that as the economic crisis grows he may be forced to seek aid from the West to avoid internal collapse.

9. In present circumstances there is thus a possibility that fear for his own position might cause the Shah to listen to Anglo-American representations and that it might still be possible to persuade him either to insist on Mosaddiq's taking effective action against the Communists or to remove him from office.

10. If therefore the Shah remains supine and the Majlis opposition to Mosaddiq does

not show greater cohesion than on previous occasions the alternatives to-day seem to be either a continued drift towards anarchy under Mosaddiq, the final outcome of which might well be communism; or a fairly drastic reversal of events, in which the Shah would have to play a leading rôle, resulting in an authoritarian and basically Right-wing Government. Unless a new candidate for such an authoritarian rôle unexpectedly emerges I am inclined to think that the army may take matters into their own hands and that a military *coup* cannot be ruled out. Indeed such a solution would probably be more acceptable to the Shah than almost any other. He is loyal to the army as he believes the army to be loyal to him and while he is particularly anxious not to follow in the dictatorial footsteps of his father he would probably acquiesce in the use of the army as an instrument to restore public authority.

11. I am sending copies of this despatch to His Majesty's Ambassadors in Washington and Moscow and to the Head of the British Middle East Office in Cairo.

I have, &c.

G. H. MIDDLETON.

EP 1531/2284

No. 129

CONVERSATION BETWEEN THE SECRETARY OF STATE AND THE PERSIAN AMBASSADOR

(1) Enquiry as to the International Bank's Initiative; (2) Internal Situation in Tehran

Mr. Eden to Mr. Middleton (Tehran)

(No. 353. Confidential) *Foreign Office,*
Sir, 11th December, 1951.

The Persian Ambassador came to see me this afternoon. We have known each other for some years, and so I began by telling M. Soheily how much I regretted the changed relations between our two countries. The Ambassador agreed and said that I probably knew his own feelings in the matter. He deplored the events that had taken place and he would be glad to help in any way he could. Was there any information I could give him about the initiative of the International Bank? I said that this was in its early stages. The Bank had approached us and asked for certain technical information. We had given this and it was now for the Bank to decide whether they would make an approach to

either side. The Ambassador said he understood this, but he wondered whether I had any hopes of the outcome. I said that I thought that this mainly depended on whether there was any real desire in Tehran for a settlement. Of course, it was entirely for the Bank to make its own decision about the initiative it might take, and its timing, but I thought that much would depend on whether the Persian response to any communication was constructive.

2. The Ambassador said that so far as he had been able to gather the attitude of Tehran to the Bank's intervention had been favourable.

3. In a reference to the internal situation in Tehran, his Excellency said he had now the impression that Dr. Mossadeq's position was not as strong as it had been. He clearly

did not think this was bad news, because in the discussion he mentioned that, unfortunately, the present Persian Prime Minister was essentially negative in character. I told the Ambassador that I was sincerely anxious to bring about a settlement of all our differences but, of course, for this to be realised I must have some help. The Ambassador said he knew well what my feelings were and he also appeared to approve our recent attitude. When I said I thought it was no good trying to rush matters, and recalled the Persian proverb that patience is from God and haste is from the devil, his Excellency fully agreed.

4. I asked the Ambassador whether I was right in thinking that there was no real hostility among the Persian people. Personally, I could not believe that there was—

however much ferment there might be among certain sections of the community. The Ambassador said he was sure that this judgment was right, and that if only we could surmount these immediate problems, all would be well again. I said that I hoped the Persians would have noticed our agreement with the Sheikh of Kuwait: it seemed a great misfortune that Persia was not enjoying a like increase in revenues. The Ambassador groaned sympathetically, and repeated his assurance that his own personal help would be available at any time.

5. I am sending copies of this despatch to His Majesty's Representatives at Washington, Paris, Bagdad and Ankara and to the Head of B.M.E.O. Cairo.

I am, &c.

ANTHONY EDEN.

P 10154/11G

No. 130

PERSIA

To His Majesty's Overseas Representatives

(No. 348. Intel)
(Secret)

Foreign Office,
December 13, 1951.

My predecessor's Intel No. 299 of 25th October.

Dr. Mosaddiq in Washington

At the end of the Security Council proceedings President Truman invited Dr. Mosaddiq to visit Washington. During his four weeks' stay there, State Department officials, with His Majesty's Government's concurrence, had exploratory talks with him about an oil settlement. Although he was evasive and refused to commit himself, the United States Government were sufficiently encouraged to draw up a scheme for a possible settlement and to invite His Majesty's Government's comments. After careful consideration it was decided that the scheme was not only impracticable but likely to endanger His Majesty's Government's vital interests elsewhere and that it could not, therefore, be accepted as a basis of negotiation. Dr. Mosaddiq's attitude in discussion with State Department officials was, moreover, so unaccommodating as to make it clear to them that no progress towards a settlement with him was likely. The United States Government announced that it had regretfully concluded that no new basis had emerged on which a practical solution could be reached.

International Bank

2. A more hopeful development has been a suggestion from the International Bank that they should try to make temporary arrangements for the operation of the oil industry pending a final settlement. Discussions have taken place between Mr. Garner, vice-president of the bank, and Dr. Mosaddiq, who professed himself interested in any scheme which the bank might work out, and also between Mr. Garner (and other bank officials) and Ministers and officials here and in Washington. The bank, who are being given all the factual information they require about the Persian oil industry, are at present considering whether they can play any useful part. It seems likely that any scheme they may produce will consist in the bank's lending, or finding, money to restart operations; installing trustworthy management which would engage a staff, both Persian and non-Persian, to operate the industry under a competent neutral general manager; utilising A.I.O.C.'s established distribution channels for the sale of the oil under a bulk contract, the proceeds of the sale of oil to accrue to the bank, who, after meeting costs, would divide the profits equally between the Persian Government and A.I.O.C.

United States Aid to Persia

3. While in Washington, Dr. Mosaddiq urged the United States authorities to give him financial assistance, supporting his plea with the argument that economic hardship would drive Persia into the arms of the Communists. President Truman answering a letter from Dr. Mosaddiq in which he asked for financial aid, has stated that the Persian request will receive careful consideration. Mr. Acheson, however, assured me in Paris on 13th November that there was no question of any immediate large-scale United States assistance for Persia. State Department officials have since informed us that a \$25 million Export-Import Bank loan (negotiated in 1950 but accepted by the Persian Majlis only in August 1951) would not be made immediately available owing to Persia's inability both to meet the complementary internal costs and to service the loan itself.

Internal Situation

4. *Political.*—During Dr. Mosaddiq's stay in Washington opposition to him began to increase, and there was considerable outcry against his prolonged stay there, his obvious inability to produce a solution of the oil dispute, and the steadily deteriorating economic position of the country. However, when he returned to Tehran on 23rd November (a holiday) he was acclaimed by enormous crowds, some of whom, at least, were incited by the National Front and its supporting religious organisations. Two days later Dr. Mosaddiq faced the Majlis and presented a report on his activities during his absence abroad. He then announced that his Government would immediately proceed with the elections to the next Majlis (the Majlis itself having decided on 15th November to postpone them for a month). After a heated debate he obtained a vote of confidence by 90 votes with 17 abstentions (out of a total of 136 members). The following day Dr. Mosaddiq made the same report to the Senate and received a unanimous vote of confidence from the 36 members present in a House of 60. This *tour de force* represents a tactical victory and had a disheartening effect on the Opposition, who failed through disunity in the face of Dr. Mosaddiq's political acumen and strength of purpose to exploit their opportunity on this occasion to unseat him.

5. *Tudeh Party.*—While the Tudeh Party have achieved a considerable degree of penetration of the administration, and perhaps to a lesser extent of the armed forces, they are not considered, at the moment, likely to stage a successful *coup d'Etat*. Through their "cover" organisations (which, unlike the parent party, are not proscribed) they are putting up several candidates in the forthcoming elections and appear, for the present, to be content to follow the gradualist path to power through the existing parliamentary institutions. In recent weeks, however, with the steady decline in public security and against the general background of Dr. Mosaddiq's policy of leniency towards the Tudeh, they have become bolder and more active and have succeeded in staging several large demonstrations, including one at the university on 6th December and one in the streets of Tehran on 7th December when they clashed with National Front supporters. The Chief of Police resigned on 25th November, after the police had made an ineffectual showing at a Tudeh-inspired riot at a girls' school in Tehran. Though stoutly anti-Tudeh, he dissipated in squabbles with the army security authorities and with his own police officers a large part of the energies which remained to him after contending with the Government's apathy. He has been succeeded by Amir Taimur Kalali, who, given Dr. Mosaddiq's policy of leniency towards the Tudeh, may be expected to do little better than his predecessor.

6. *Economic.*—The oil industry is almost at a standstill, except for internal distribution (see paragraph 8 below), and Persia is thus deprived of revenues which were an important part both of her foreign exchange and her budget. The Persian Government is now believed to have drawn all of the £14½ million which the Majlis made available from the note cover backing in August and is now beginning to draw on the \$1 million dollars (the equivalent of her contribution as a member) recently lent by the International Monetary Fund. The present financial position of the Persian Government is, therefore, precarious, and it is likely that they will run into serious difficulties, for example, over salaries for the police, the army, and the oil workers, in the near future. However, being predominantly agrarian, the Persian economy is less affected than an industrial economy by the inability of the Government to import adequate supplies of consumer goods and can be expected to continue to function as it has in similar situations in the past. In any case stocks

of most goods are comparatively high, and it is not expected that serious shortages or increases in prices will arise in the immediate future.

7. *The Oil Industry.*—When the A.I.O.C. staff left Abadan on 3rd October, the storage tanks, holding approximately 2 million tons of oil products, were full. Since then the Persians have drawn on them to meet internal distribution needs. At the beginning of November they restarted parts of the refinery, and will, it is expected, find no difficulty in producing sufficient of the lower grade products such as kerosene and petrol to keep the storage tanks topped up. The Anglo-Iranian Oil Company's internal distribution network, together with the large fleet of road tankers, has been taken over and is being operated by the National Iranian Oil Company, who have also been distributing oil products by barge to Bushire and Bandar Abbas. This network has for many years been staffed almost entirely by Persians. Nevertheless the A.I.O.C. had difficulty in severe winters in maintaining internal distribution and the N.I.O.C. will have these difficulties increased by shortage of tyres and other spare parts for the road tanker fleet, which were hitherto obtained from the United Kingdom.

8. The production of crude oil is not a complicated process but the Persians' ability to produce will be limited by their ability to dispose of it. Leaving aside the legal difficulties which may attend this (see paragraph 10 below) and the geographical disadvantage of Persian crude as compared with Saudi Arabian and Iraq crude, it has been estimated that during the next few years they might be able to dispose of about 5 million tons a year.

9. Refining is a more complicated process, but there is no doubt that the Persians will be able, in the long run, to operate the refinery on a limited scale, probably at an annual output of about 4–5 million tons (compared with 23 million tons under A.I.O.C. management). This output would be restricted to low-grade motor spirit, kerosene, fuel oils and bitumen. They would, however, be unable to produce aviation spirit, high-grade motor spirit or lubricating oils unless they engaged a considerable number of foreign technicians.

10. In recent months the Persians have been offering the stocks of oil products at Abadan for sale to foreign buyers, but so far have failed to find any. The principal reasons for this are that about 80 per cent. of the world's tanker fleet is controlled through ownership or long-term charters by the major British and American oil companies who have been boycotting Persian oil and are, for the present, prepared to continue doing so; that the major oil companies control or own the greater part of the world's market facilities in consumer countries and are meeting current demand that small distributors and brokers are apparently not attracted by the high prices the Persians at present expect for their oil. Nevertheless, and especially if the Persians are prepared to lower their prices, they may in the end be able to dispose of some of their stocks of products to interests independent of the big oil companies. If this should happen, it is the intention of the Anglo-Iranian Oil Company to take such legal action as may be open to them to protect their rights in this "stolen oil." (See my No. 344 Intel of 11th December.)

11. The preceding paragraphs are for your own information and the estimated figures of Persian oil production in paragraphs 8 and 9 should not be divulged. If asked to comment on reports that the Persians have restarted the refinery, you should say that it has always been realised that they might be able to operate it on a limited scale, with the risks attending inefficient management. You should go on to make the point that so far no customers have been found to take the oil and that, with Persia's geographical position, the organisation of the international oil industry, and the indispensability of complex and highly developed overseas marketing systems, it is unlikely that the Persians will be able to dispose of more than a small amount; and if they do succeed in this, buyers (and carriers) will have to face the possibility of legal action against them (see again my No. 344 Intel of 11th December). Against any suggestion that the Western world needs Persian oil more than Persia needs the West, you should emphasise that, in the five short months since the flow of Persian oil ceased, the international oil industry, by its resilience and adaptability, has taken this event in its stride—and at a time when there is a rapidly increasing world demand for oil products. The gap in supplies caused by the stoppage of exports from Persia has largely been closed, and the only resultant serious shortage, that of high-grade aviation fuel, is rapidly being met. The international oil business is highly competitive and under continuous development, and, with the passage of time, it will be increasingly difficult for Persian oil to regain its former position in the world's markets.

12. On the International Bank's initiative you should take the line that the bank, at their request, are being supplied with facts and technical details about the Persian oil industry and that any proposals which they may make concerning the interim operation of the industry, pending a final settlement, will receive the sympathetic consideration of His Majesty's Government, who continue to seek a solution of the dispute. In this connection you should make full use of the three principles which I enunciated in the House of Commons on 19th November (*Hansard*, Volume 494, No. 13, column 49):—

- (i) "Practicability": Persia's economy cannot be assured unless the oil industry is efficiently operated in all its stages; no oil company would be willing to undertake distribution to its customers throughout the world unless it were assured that the supply from the fields and the products from the refinery would be forthcoming over a period, at the right time, in the right quantities and at an economic price.
- (ii) Fair shares: the benefits of the Persian oil industry should be fairly shared between Persia and those concerned with the development of her oil resources, in such a way as to permit the price of Persian oil to be competitive in the world's markets.
- (iii) Fair compensation: fair compensation must be paid for the act of nationalisation and its range of consequences, the amount to be settled by agreement or by arbitration, and not by one party alone.

[Copied to United Kingdom High Commissioners in all Commonwealth countries and to His Majesty's Ambassador, Dublin.]

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No. 131

ANGLO-PERSIAN OIL DISPUTE

Mr. Middleton to the Persian Prime Minister (communicated)

Tehran,

December 22, 1951.

M. le Président,

I have the honour to acknowledge Your Excellency's note of the 12th December regarding Article 7 of the nine-point law for the implementation of the nationalisation of the oil industry in Persia, the contents of which have been communicated to my Government.

I am instructed to refer to this embassy's note No. 60 of the 27th May in which His Majesty's Ambassador informed the Imperial Minister for Foreign Affairs that His Majesty's Government had felt themselves obliged to institute proceedings against the Imperial Government in the

International Court of Justice at The Hague.

As was pointed out in this embassy's note No. 82 of the 30th June it is the view of His Majesty's Government that until this case has been heard the matter must be regarded as being *sub judice*. In the absence therefore of an agreement with the Persian Government about the operation of the oil industry in Persia His Majesty's Government cannot agree to the purchase of Persian oil by British nationals and do not recognise the Persian Government's legal right to dispose of the oil.

I avail, &c.

G. H. MIDDLETON.

APPENDIX.

BIOGRAPHICAL NOTES

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No. 132

LEADING PERSONALITIES IN PERSIA

Mr. Middleton to Mr. Eden. (Received 22nd November)

(No. 309. Confidential) *Tehran.*
Sir, *5th November, 1951.*

With reference to Sir Francis Shepherd's despatch No. 160 of 1st June, 1950, I have the honour to transmit to you herewith a list of personalities in Persia revised to July 1951. I regret that owing to pressure of current political work it has not been possible to submit the list before.

I have, &c.

G. H. MIDDLETON.

Enclosure

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1. Adham, Dr. Abbas (Alam-ul-Mulk)

Born in 1882, son of Mirza Zain-ul-Abidin Khan (Luqman-ul-Mamalik). Is a native of Azerbaijan. Educated in Persia and at Paris University where he studied medicine. Did post-graduate work in France.

Minister of Health under Hazhir in June 1948 and again under Sa'id when he reshuffled his Cabinet in March 1949. Continued in office under Sa'id when he shuffled his Cabinet again in January 1950, although Dr. Farhad was at first designated to replace him. Not reappointed by Monsur, April 1950.

Was previously head of the School of Medicine in Tehran and is still head of the Razi Hospital. He is also a court physician. Speaks French and Turki. His daughter is married to Nusratullah Muntassir of the Anglo-Iranian Oil Company.

2. Adham, Dr. Hasan (Hakim-ud-Dauleh)

Brother of Dr. Abbas Adham. Obtained a medical degree in France and speaks French.

Was a Deputy for Tehran in XIIIth Majlis. A member of Tehran Municipal Council, August 1943. Chairman of Electoral Supervising Committee for re-held XVIIth Majlis elections in Tehran, January 1950. Minister of Health under Musaddiq, May 1951.

3. Adl, Ahmad Husain

Born in Tabriz c. 1895, son of the late Adl-ul-Mulk and younger brother of Mustafa Adl (Mansur-us-Saltaneh). Educated partly in France.

Appointed Minister of Agriculture in March 1942, which post he held until February 1943, showing himself friendly and helpful. He was then tried in the Officials Court on charges of misappropriation of funds but was acquitted. Appointed to the Supreme Economic Council in April 1945; he became Minister of Agriculture again in November that year. Again Minister of Agriculture under Qavam in June 1947. He was associated with the Seven-Year Plan under Dr. Nafisi and took his place as chairman of the Provisional Organisation of the Seven-Year Plan in January 1949, until May 1949 when he was appointed a member of the Supreme Council of the Plan. He was successful in the first stage of the Senate elections in Tehran, October 1949. Chairman of High Council of Seven-Year Plan, April 1950.

Speaks French and a little English.

4. Adl, Engineer Majid

Born c. 1911. Brother of Hussain Adl. Director of Karaj Agricultural College during Russian occupation (1943-45). Subsequently head of Animal Husbandry Department of Ministry of Agriculture. Then first Director of Animal Husbandry Institute, Bughah (from early 1950), which he is organising on progressive lines. Keenly interested in his work and, although not really forceful, can be surprisingly determined; engaging personality.

Educated in France but speaks English fairly well and favours English methods. Very friendly and co-operated well with B.M.E.O. experts. Married. Good tennis player and played regularly with the Shah.

5. Adl, Mustafa (Mansur-us-Saltaneh)

Born in Tabriz about 1885. Went to Egypt when quite young. There he finished his primary education and afterwards went to Paris. In Paris he graduated from the Faculty of Law. Secretary at the consulate at Tiflis in 1903. At the Ministry for Foreign Affairs for a short period, and then transferred to the Ministry of Justice. Appointed a member of the Turco-Persian Boundary Commission in 1913. From then until 1927 employed principally as Under-Secretary at the Ministry of Justice. He became in that year legal adviser to the Ministry and drafted a number of new judicial codes. A member of the Supervisory Board of the National Bank from 1929-32; in 1933 Director of the Legislation Department of the Ministry of Justice, and professor in the Law Academy at Tehran.

Appointed Persian Minister at Berne in 1934. Recalled to Tehran December 1936. Political Director-General in the Ministry for Foreign Affairs March 1937. Under-Secretary July 1937. Acting Minister March 1938. Minister at Rome July 1938 and also accredited to Budapest September 1938.

Returned from Rome late in 1941. Director of the Faculty of Law 1941. Minister of Education in Suhaili's Cabinet March to August 1942. He was not conspicuous for help to the Allied cause in 1942. He was, however, appointed Minister without Portfolio in Suhaili's Cabinet January to March 1944 and again in Sa'id's Cabinet from March to August 1944, when, on the reconstruction of the Cabinet, he was dropped. Minister of Justice in Bayat's Government of November 1944 and again Minister without Portfolio in Sadr's Cabinet of June 1945. Delegate to U.N.O. January 1946.

Minister of Justice and later Minister without Portfolio under Qavam June to December 1947. Minister without Portfolio in Hakim's Cabinet December 1947 and again under Hazhir in 1948. In February 1949 he joined Sa'id's Cabinet in the same capacity and assumed direction of the Ministry of Labour in May. Dropped in Sa'id's reshuffle of January 1950, he was nominated by the Shah to be a Senator for Tabriz, February 1950.

Died, July 1950.

6. Afshar, Riza

Born at Urumieh (now Riza'iyeh) about 1888. Joined the Ministry of Finance as a young man, and during Mirza Kuchik Khan's rebellion in Gilan acted as financial agent to him; and soon after the war he got away with certain funds from the Finance Office in Resht. With these he brought carpets and took them to America for sale. Served also under Sir P. Cox, who paid him well. Returned to Persia in 1921, full of American ideas and education. Joined the staff of Dr. Millspaugh, the American financial adviser. A staunch supporter of the Pahlavi régime; elected to the 5th, 6th and 7th Majlis. Opposed Firuz Mirza when the latter was Minister of Finance. Governor of Gilan in 1929. While at that post he organised the Gilan Import and Export Company, which was founded in opposition to Russian trade monopoly methods. As a result he incurred the hostility of the Russian interests there. Governor-General of Kerman in 1931. Minister of Roads in February 1932. Resigned in the following July, being unable to build the Chalus road fast enough for the Shah. Governor of Isfahan September 1932 to December 1933. Was put under surveillance in Tehran in 1935 owing to supposed inefficiency (perhaps complicity) in connexion with the Bakhtiari plots in 1934. Sentenced to six months' imprisonment and permanent exclusion from Government service in June 1936 for accepting a bribe when Minister of Roads.

Governor-General of Isfahan May-June 1944 until Supreme Court of Appeal decided he was ineligible

for office on the grounds of the sentence passed on him in 1936. Secretary to the Iranian Airways December 1944. Deputy for Riza'yeh in 16th Majlis but his credentials were queried and he was replaced by Muhsin Afshar.

Speaks English fluently. Full of ideas and energy. Very nationalistic.

7. Ala, Husain, C.M.G. (Mu'in-ul-Vizarch)

Born about 1884. Son of the late Prince Ala-us-Saltaneh, for many years Persian Minister in London. Educated at Westminster School, where he seems to have received rough treatment, which resulted in a strong anti-British bias, at any rate for the next few years. Created C.M.G. in 1905, when he accompanied his father on a special mission to London for the Coronation of the late King Edward VII. Appointed "chef de Cabinet" in the Ministry for Foreign Affairs in 1906, his late father being then Minister for Foreign Affairs. He remained as "chef de Cabinet" to various Ministers until 1915. Appointed Minister of Public Works in January 1918, and continued to direct that Ministry during the Cabinet presided over by Samsam-us-Saltaneh, which was in power from May to August 1918. This Cabinet abrogated the Treaty of Turkmanchai.

After accompanying the abortive Persian mission to the Paris Peace Conference in 1918, he became minister at Madrid (1919) and then at Washington (1920). Returning to Persia in 1925 he alternated office at home with headship of missions abroad, being minister at Paris 1929 to 1933 and at London 1934 to 1936. President of the National Bank in 1941 and Minister of Court 1942.

Appointed ambassador to Washington in August 1945 when status of Persian Legation there was raised to that of an embassy. Was very active in giving publicity in the United States to the Persian case over the Azerbaijan problem and showed ability presenting Persia's case to the Security Council in March and April 1946.

He was successful in the first stage of the Senate elections in Tehran, October 1949. Appointed Minister for Foreign Affairs by Sa'id in February 1950 and continued under Mansur, April 1950, and returned to Persia at the end of May 1950.

Resigned with Mansur, June 1950. Minister of Court, February 1951. Also became Prime Minister following assassination of Razmara, March 1951, but resigned on 27th April, 1951, because of preparation by the Majlis Oil Commission of the Oil Nationalisation Bill without reference to him. Remains Minister of Court.

Married Fatimah Khanum, the only daughter of the late Abul Qasim Khan Qaraguzlu (Nasir-ul-Mulk). Regent of Persia, in July 1927. Mme. Ala was one of the first of her generation to leave off the veil.

A hard worker and a staunch patriot; intelligent and well-read; interested in the literature of many countries and quite a good pianist. Has a perfect command of English and speaks good French. He is a sensitive Persian Nationalist who realises the failings of his fellow-countrymen; however, while Minister of Court in 1942 to 1945 was apt to overrate the virtues of the Shah, and while Prime Minister and Minister of Court in 1951 tended to overestimate Dr. Musaddiq's capacity as a trouble-maker.

8. Alavi, Asadullah

Born c. 1920. Son of the late Shaikat-ul-Mulk, who was hereditary Khan of Birjand and the Qa'nat, he has inherited much of his father's influence over the Baluchi tribes of East Persia. In 1947 appointed Governor-General of Persian Baluchistan, in which post he showed commendable energy and

efficiency. Deputy for Birjand in the Constituent Assembly April 1949. Left Baluchistan to become Minister of the Interior under Sa'id, January 1950. In the Cabinet reshuffle of February he was transferred to the Ministry of Agriculture. Continued in this post under Mansur, April 1950, with whom he resigned, June 1950. Minister of Labour under Razmara until his assassination in March 1951. While Minister of Labour assisted in the formation of a central organisation to unify the rival non-Communist trade union federations and co-ordinate their activities. Had previously been engaged in drawing up a report on the Shah's lands and when the Shah decided to distribute the Pahlavi Foundation lands in January 1951 he became a member of the Commission supervising this work. A close personal friend of the Shah.

Friendly, intelligent and helpful. Married to a daughter of Qavam-ul-Mulk. Speaks good English and French.

9. Alavi, Dr. Hasan

Born 1910 in Shiraz. Studied medicine in Bombay and London where he held post of ophthalmic surgeon at St. Thomas's Hospital and at other English hospitals. He was recalled to Persia by Riza Shah in 1938 and appointed Court Physician and consulting specialist to the Persian army. In March 1947 he was promoted to brigadier (honorary).

Hard-working and staunch patriot; intelligent and well-read with a perfect command of English. A sensitive Persian Nationalist who deprecates the failings, especially peculation, of his countrymen. A great admirer of British institutions, he helped to found the United Kingdom Universities' Society of the Anglo-Persian Institute. Has considerable private practice and is commonly acknowledged to be the best ophthalmic surgeon in Persia.

A friend of the Shah, it was on his insistence, he says, that he stood for Bushire for which he was elected to the Constituent Assembly April 1949. Deputy for Bushire in 16th Majlis. Prominent in the affairs of the "Iran" group in this Majlis. A member of the Majlis Oil Commission, he was very helpful in keeping us informed of developments there. He is a staunch supporter of Sayyid Zia-ud-Din.

The abuse heaped on him by the National Front because he did not follow their line in the oil question was more than he could stand and after the passage of the oil nationalisation laws he became inactive politically.

10. Amini, Dr. Ali

Fourth son of Muhsin Amini (Amin-ud-Dauleh). Born at Tehran in 1903. Educated in Persia and in France. Studied law at Paris. Married one of the daughters of Hasan Vusuq (Vusuq-ud-Dauleh). Served for some years in the Customs Administration; appointed acting head of Customs about May 1936 and (1939) head thereof until the autumn, when General Amir Khusruvi had him transferred to the Ministry of Finance as one of the Minister's assistants.

Secretary to Qavam-us-Saltaneh when Prime Minister in 1942. Appointed as head of a commercial mission to Washington by the latter, but did not proceed.

Was sent by the Persian Government to India in 1945 to study the possibilities for developing trade between India and Persia and to examine the foreign exchange control question. Chairman of the board of directors of the Industrial Bank November 1946. Member of Democrat Party of Iran. Elected to 15th Majlis for Tehran. President of Exchange Control Commission in 1949. Successful in first stage Senate elections in Tehran, October 1949. Minister of

National Economy under Mansur, April 1950, with whom he resigned, June 1950.

Speaks French and is intelligent. Accused by his enemies of various kinds of peculation and sharp practice. Agreeable and usually helpful.

11. Amir Ahmadi, Ahmad, General (Sipahbud)

Born in Tehran about 1880. Comes from an Ardabil family, his forbears having emigrated from the Caucasus. Enlisted in the Cossack Brigade in 1899 and received speedy promotion; he was soon commissioned, and was a general in 1920. Took a prominent part in operations against the Jangalis in 1919. When the army was reorganised in 1922 he was given the rank of Amir Lashgar (chief of a division) and held successively commands in West, North-west (with Amniah) and South-west Persia where he did good work in disarming the tribes up to 1933. Promoted Sipahbud in April 1929. Director of Rentounts 1935.

Minister of War in Furughi's Cabinet, which negotiated the Tripartite Treaty in 1942. Military Governor of Tehran in December 1942, when he quickly put a stop to rioting and looting; and then Minister of War under Qavam-us-Saltaneh and Suhaili. Resigned December 1943 when Suhaili reformed his Cabinet and at the Shah's instance appointed Zand, a civilian, as Minister of War. Minister of War in Qavam's Cabinet February 1946. Resigned July 1947. Appointed Minister of the Interior in Hekimi's Cabinet March 1948 and Minister of War under Hazhir June 1948, and again under Sa'id November 1948. Went to the United Kingdom for medical treatment September 1949, returning December 1949. Dropped from Ministry of War January 1950 and nominated a Senator for Tehran February 1950.

His accumulated wealth and large properties appear to have satisfied his desires, so that he seems to have got over his youthful inclination towards robbery. He was strongly opposed to General Razmara. During his periods of Cabinet office was very friendly to us. Speaks Russian.

12. Amir Ab'i, Shams-ud-Din

Born about 1895. Senior official in the Ministry of Agriculture until his appointment as Acting Minister under Qavam-us-Saltaneh February 1946. Appointed Minister under Qavam-us-Saltaneh in August and again in October 1946. Dropped when the Cabinet was re-formed in June 1947. Successful in first stage of Senate elections in Tehran, October 1949, in which month he also took "bast" with Dr. Musaddiq in the Royal Palace as a protest against the conduct of the 16th Majlis elections.

Governor-General, Gilan, February 1951. Minister of Justice under Ala, March-April 1951. Brought in by Musaddiq as Minister of National Economy, May 1951, at the end of which month he was also appointed Acting Governor-General, Khuzistan, and the head of a Governmental mission to take over the A.I.O.C. which he has bitterly criticised in recent years.

Quiet little man with few friends. Appears inoffensive and ineffectual but has shown some determination and even fanaticism in his recent dealings with the oil company.

13. Amir, Javad

Born in Tehran 1895, from a Simnan family. Educated in Persia and France. Speaks French, and has studied law in Paris. Entered the service of the Ministry of Justice in 1914, and was for many years assistant to the French judicial adviser attached to the Ministry of Justice. Was a professor in the law school. In 1928 appointed president of the Tribunal of Commerce. President of the court of first instance in Tehran 1931-34. Director of the

Department of Legislation in the Ministry of Justice in 1934. Went to Bagdad with Fathullah Nuri Isfandiari in December 1935 as legal and technical adviser in the abortive negotiations about the frontier, &c., with Iraq. Juridical Counsellor in charge of the Advisory Department of the Ministry for Foreign Affairs 1938. Administrative Director-General August 1938 and Under-Secretary January 1939 in that Ministry.

In charge of the Ministry for Foreign Affairs at the time of the invasion 1941. Minister of the Interior in Suhaili's Cabinet 1942, and later Minister of Justice; in the former post he was a disappointment, in the latter he was more at home but was soon replaced. Elected to the 14th Majlis from Simnan, December 1943. Re-elected to 15th Majlis 1947. Deputy for Simnan in Constituent Assembly April 1949. Successful in the first stage of the Senate elections in Simnan, autumn 1949. Deputy for Simnan in 16th Majlis. Member of the Majlis Oil Commission, June 1950.

Accompanied Qavam-us-Saltaneh on his mission to Moscow in February 1946.

A man of considerable influence and importance in his capacity as technical adviser on legislation. Having been trained by the French legal advisers here, his ideas of law are somewhat different from those held by British lawyers.

Conscientious and hard-working, with a lawyer's capacity for rapid assimilation of detail. Amiable but weak.

14. Amir-Taimur Kalaki, Muhammad Ibrahim

Born about 1895. Member of a well-known Khurasan tribe. Educated in Tehran. Elected to the Majlis in the time of Riza Shah, and again for Meshed in the 14th Majlis elections 1943 where he headed the poll. Vice-President of the Majlis 1944.

Was on Foundation Committee of Irano-Soviet Cultural Relations Society, March 1944.

In 1945 he showed an inclination to turn to the Embassy for support against Russian pressure.

Arrested August 1946 under Military Law Ordinance. Released after a short detention. Elected Deputy for Meshed in 15th Majlis 1947. Represented Meshed in Constituent Assembly April 1949. Unsuccessful candidate in 16th Majlis elections at Meshed. Minister of Labour under Musaddiq, May 1951.

A rich landowner who smokes opium. A talkative demagogue, fond of working himself into passionate indignation about subjects which he does not understand. For instance, he opposed the Tripartite Treaty and caused the Furughi Cabinet a great deal of trouble. But he is amenable to argument, and, though vain, is not entirely without good ideas.

15. Ansari, Abdul Husain Mas'ud

The eldest son of the late Ali Quli Ansari (Mushavir-ul-Mamalik). Born 1899. Educated at Tehran and in Europe. Joined the Ministry for Foreign Affairs in 1920. Served for a number of years in the Persian Embassy in Moscow as secretary, and his rapid promotion was largely due to his father's influence. Counsellor at Moscow in 1927 and held that post till he was transferred to Tehran in 1931. Head of the Economics Section of the Ministry for Foreign Affairs in September 1933. Went to Germany as a member of the Persian Economic Mission to Germany in July 1935. Head of the Third Political Section (dealing with British affairs) 1936. Head of the Protocol Department November 1937. Consul-general, Delhi, May 1938. Minister to Sweden 1941. Returned to Tehran in 1944 and was appointed head of the Tripartite Pact Department in the Ministry for Foreign Affairs. Vice-president of Russo-Persian Cultural Relations Society

March 1945. Appointed Governor-General of Gilan November 1945. Transferred to Isfahan October 1947. While Governor-General of Isfahan was markedly friendly to His Majesty's Consul and to the British Council there. He was always ready to furnish information to His Majesty's Consul and did not pretend to favour the "balanced" foreign policy *vis-à-vis* Russia and the West. Not a strong Governor-General, he made no secret of his wish to get back to diplomatic life. His smooth manner and lack of interest in local politics alienated some of the people among whom he worked.

Appointed Ambassador at Kabul, March 1949.

Married a Russian in Moscow; the lady was suspected of being a spy; she died in Berlin in 1936 leaving one child, a boy. Married a Persian in 1937.

Speaks excellent Russian and French, German and fair English.

16. Aramish, Ahmad

Born about 1902. Has held various Government posts. June 1944 was in charge of all Accounts Departments in the Ministry of Finance factories. Acting Minister of Commerce and Industry June 1946—resigned September 1946. Set up the Labour Inspection administration in Khuzistan in June 1946 and became Secretary-General to the Democrat Party of Iran July 1946. Parliamentary Under-Secretary to the Prime Minister October 1946 when he resigned his secretaryship of the Democrat Party of Iran. Under-Secretary of State to the Ministry of Commerce and Industry late October 1946. Minister of Labour and Propaganda December 1946. Whilst Minister of Labour and Propaganda was strongly opposed by many of his Cabinet colleagues because of his efforts to collect party funds by irregular means which he was suspected of turning to his own advantage. His Ministry's programme of social reform was also extremely unpopular with certain Right-wing members of his party.

Omitted when Qavam re-formed his Cabinet in June 1947. Successful in 1st stage Senate elections in Tehran, October 1949. Founded a new party, Millyan-i-Democrat, restricting the powers of the monarchy, February 1951, but this has not made much headway.

Affable and energetic but unreliable, immature and lacking political sense. Speaks fair English and French.

17. Arasteh, Nadir

Born about 1893, son of a Qajar prince. Governor of Pahlavi in 1928. Deputy-Governor of Azerbaijan in 1930-32. Governor of Khuzistan May 1932-August 1933. Has also served in the Persian Legation in London. Appointed minister to Poland December 1933. Appointed first Persian Minister to the Argentine Republic August 1935; presented his letters in October 1935. Recalled to Tehran October 1936; the post being abolished. In charge of the Consular Department of the Ministry for Foreign Affairs for a short while in 1937. Minister at Berlin August 1937. Accredited also to The Hague in 1939. Recalled from Berlin May 1940. Governor-General of Mazandaran January 1942 and of Gilan January 1943. Minister of Posts and Telegraphs November 1944 in Bayat's Government and for Communications under Hakimi in May 1945 and then in Sadr's Cabinet June to November 1945. Appointed Governor-General, Isfahan, May 1946, withdrawn October 1946.

Minister of Posts and Telegraphs under Hazhir June 1948, retained the portfolio under Sa'id November 1948, but exchanged it for that of Roads in March 1949.

Appointed ambassador at Moscow April 1949 and proceeded to Moscow in June.

Of unimpressive appearance, but friendly and intelligent. Speaks French, English and Russian.

18. Ardalan, Dr. Ali Quli

Born about 1900; brother of Amanullah Ardalan. Served mostly under the Ministry for Foreign Affairs in various posts from 1922. Secretary at Washington 1932 where he had a dispute with Ghaffar Jalal, the Minister. Counsellor at Vichy after the collapse of France in 1940. Returned to Tehran 1942 and was in charge of the English Section of the Ministry for Foreign Affairs for more than a year, fulfilling his duties with efficiency. Counsellor at Angora 1943. Under-Secretary for Ministry for Foreign Affairs in December 1948. Acting Minister for Foreign Affairs on appointment of Ala February 1950. Head of Persian delegation at U.N., August 1950.

Speaks English. Very helpful to us at the Ministry for Foreign Affairs.

19. Ardalan, Amanullah (Haji Izz-ul-Mamalik)

Born about 1888. Son of Haji Fakhr-ul-Mulk of Kurdistan. Educated at Tehran. Elected a Deputy to the 2nd Majlis through the influence of his father, when the latter was Governor of Arabistan. Served first in the Ministry of Finance. An active member of the Democratic Party and elected to the 3rd Majlis from Kermanshah. A pro-German during the war of 1914-18, he left Persia for Turkey at that time. After the war he became financial agent for Kerman through bribing Akbar Mirza, the Minister of Finance, and made a good thing of that post. Financial agent for Fars 1922-23. A member of the 5th Majlis. A close friend of Sulaiman Mirza and the Socialists. Minister of Public Works in Sardar Sipah's Cabinet of October 1923. Resigned April 1924. Again employed under the Ministry of Finance in Kerman and Fars. Governor of Astarabad 1928; of Luristan, &c., in 1932, of Gilan in 1933, and again of Luristan in 1934, of Bushire and the Gulf Ports 1935; and Governor-General of Kerman in May 1936. Recalled in August 1937.

Governor-General of Azerbaijan (West) at the time of the invasion 1941; fled precipitately to Tehran when the Russians advanced, fearing that revenge would be taken on him for various anti-Russian measures which he had been ordered to take. Then Director-General of Ministry of Finance and Governor of Isfahan in 1942. Minister of Public Health in Suhaili's Cabinet of February 1943. Minister of Finance in Suhaili's revised Cabinet of December 1943. Minister of Commerce and Industry in Sa'id's Cabinet March 1944, but dropped in August 1944. Returned to Cabinet under Bayat in November 1944, resigned April 1945. Minister of Justice in Hakimi's Cabinet November 1945 to January 1946. Appointed Minister of Roads and Communications in Hakimi's Cabinet March 1948. Governor-General, Fars, June 1948. Appointed Minister of Finance in Hazhir's Cabinet of June 1948 but declined to leave Fars. Deputy for Sanandaj (Kurdistan) in Constituent Assembly April 1949 and successful in first stage Senate elections there in autumn 1949.

Appointed Minister of the Interior in the reshuffle of Mansur's Cabinet at the end of April 1950. Resigned with Mansur, June 1950. Minister of Interior under Razmara, November 1950, until latter's assassination in March 1951.

Has been very helpful to us since 1941. Speaks French and some English.

20. Ardalan, Nasir Quli

Born in Tehran 1896. Third son of the late Haji Fakhr-ul-Mulk, who was a court official; his mother is the daughter of Izz-ud-Dauleh and grand-daughter of Muhammad Shah. Educated at Tehran and in Belgium. Spent a year in London learning English. Returned to Persia 1915 and entered the service of the Ministry of the Interior, where he

served for fifteen years. Served at Governor of Daudangh in Mazandaran, of Firuzkuhi, and in Khuzistan as Acting Governor. Then was Governor of Sari, Acting Governor of Mazandaran and Governor of Simnan. Governor of Muhammerah (Khorramshahr) in 1925, and Governor of Abadan in 1930. Employed in the National Bank since 1931.

Elected Deputy for Sinneh in the 14th Majlis elections of December 1943. Deputy for Sanandaj in 15th and 16th Majlis.

A member of Mixed Oil Commission, May 1951, and of that body's three-man delegation to Khuzistan, June 1951.

Intelligent and capable.

21. Arfa', Hasan, Major-General (Sarlashgar)

Born about 1890, the eldest son of the late Prince Riza Arfa (Arfa-ud-Dauleh). Educated in Russia and France: his mother, now mentally deranged, being a Caucasian. Joined the Ministry for Foreign Affairs in 1907 as secretary to the Persian Consulate at Tiflis. Secretary at the Persian Legation at St. Petersburg in 1908. Joined the gendarmerie in 1911; and has been in the army since then. Commanded the crack cavalry "Pahlavi" Regiment in 1931. Has served as military attaché in London for a short time, and has been a prominent officer in the new army. Accompanied the Shah on his State visit to Turkey in 1934. In 1935 on the General Staff, in charge of a training school. Persian delegate to the Zahidan Conference in 1935, where, no doubt under strict orders, he took an extremely nationalistic and anti-British standpoint.

Officially attended Atatürk's funeral in 1938. Promoted brigadier-general April 1939. Inspector of Cavalry 1942. Commanding the 1st Division 1943.

Appointed Chief of the General Staff December 1945. Worked hard to resist "Tudeh" activities and had some success in organising resistance to the Azerbaijan Democrats and their independent Government in Tabriz. In consequence, he incurred enmity of the pro-Russian groups and when Qavam took office in February 1946 with the task of restoring good relations with Russia, Arfa was at once relieved of his post. Arrested April 1946 by order of Qavam-us-Saltaneh. Released October 1946. In 1947 started "Asia Society" aiming at co-operation between Middle East States.

Speaks French, English, Turkish and Russian. He is married to an Englishwoman, *née* Bewicke. Intelligent and outspoken but at times rather a firebrand.

Brought in as Minister of Roads by Ala, 4th-27th April, 1951; considered nominee of National Front.

22. As'ad, Muhammad Taqi (Amir-i-Jang)

Born about 1906, son of the late Sardar As'ad: a Bakhtiari Khan imprisoned with other tribal leaders under Riza Shah, released in September 1941. Owns properties near Dizful from where he was elected Deputy for the 14th Majlis. Was from the beginning one of the most loyal supporters of Sayyid Zia. Successful in the first stage Senate elections at Bibbaban, autumn 1949. Extremely friendly to the British. Honest, patriotic and much opposed to the spread of Soviet influence.

23. Asadi, Salman

The eldest son of the late Muhammad Vali Asadi, mutawalli of the shrine at Meshed, who was shot for treason in 1935. Born about 1896. Educated at the American College, Tehran; spent a few years also at Cambridge and in London; speaks English. Owing to his father's influence elected to the Majlis as member for Sistan for the seventh and eighth sessions.

Served for a short time in the News Section of the Ministry for Foreign Affairs, as a translator. In charge of the Department of Propaganda 1941 to March 1942. Under-Secretary at the Ministry

of Food 1942 and worked hard to ensure the food supply of Tehran with Mr. Sheridan in the famine winter of 1942-43. Under-Secretary of State, Ministry of Finance and head of the Rice Monopoly April 1944. Member of Economic Section of Qavam's Mission to Moscow February 1946. Appointed chairman of the Industrial Bank October 1946. Minister of Labour June to September 1947. Elected to 15th Majlis for Meshed.

Pleasant, well read and intelligent; but an intriguer and rather lazy. Has some good ideas but is indiscreet and given to mis-statement and flattery. At one time he aspired to act as an intermediary between the Shah and Qavam, but since Qavam left the country at the end of 1948 he has been unable to conceal the fact that he is working for Qavam's return to power.

His wife, who is a sister of Dr. Taba (*q.v.*), went to Europe in 1949 to study dressmaking and on return to Tehran established a flourishing school of dressmaking.

24. Ashrafi, Ghulam Husain

Related to Ali Suhaili.

After being Director-General Ministry of Commerce and Industry he became Under-Secretary of State in Prime Minister's office. A member of the National Bank Supervisory Board 1945. Appointed Governor-General, Khurasan, and Deputy Guardian of the Shrine at Meshed in July 1946; was recalled when the two posts were separated in April 1948. Minister of National Economy under Hazhir in September 1948, and again under Sa'id in November 1948. Dropped, January 1950. Mentioned as Governor-General, Gilan, in March 1951 but did not proceed.

Speaks good French. Amiable but weak; not averse to using his official position for private gain.

25. A'zam-Zanganeh, Dr. Abdul Hamid

Born at Kermanshah about 1899, of a well-known family; his half-brother being Amir-i-Kull. Educated at Tehran in the Law School and the Political School. Went to Paris 1929 and obtained a doctorate in law and economics, his thesis being on oil; has also been in England. 1935 returned to Persia and was employed in the Ministry of Education; professor in the Law School. Also a pleader in the Court, mostly in mortgage-bank business and in agricultural cases. Co-editor with Dr. Suragar of the newspaper *Iran Javan* (no longer appearing). Deputy for the 14th Majlis for Kermanshah when he seemed to regard himself as elected by the personal order of the Shah.

Parliamentary Under-Secretary to Hakimi December 1947, Minister of Education December 1948-March 1950. Dean of the Faculty of Law, Tehran University. A member of the Central Committee of the Socialist Party founded by Sardar Fakhr Hikmat in July 1949.

Many of the difficulties encountered by the British Council in the winter of 1949-50 appear to have been caused by him, partly at the instance of the Muslim clergy.

Minister of Education under Razmara, January-March 1951. Shot by a believed Fida'i-yi-Islam, 19th March, and died 25th March, 1951.

26. Azodi, Yadullah (Amir A'zim)

Born in Tehran about 1890. The son of the late Nusratullah Mirza, and a grandson of Vajihullah Mirza Sipahsalar who was the grandson of Fath Ali Shah. Inherited large estates from his father, all of which were situated in the neighbourhood of Damghan and Shahrud. Educated in Persia; has spent some years in Europe. Married first a daughter of Hasan Pirnia (Mushir-ud-Dauleh), who died a few years later; he then married a daughter of Vusuq-ud-Dauleh (Hasan Vusuq).

Entered the Ministry for Foreign Affairs in 1920. First secretary of the Persian Legation at Berlin in 1928, and for some time was *Chargé d'Affaires* there. *Chef de Personnel* at the Ministry for Foreign Affairs 1929-30. Counsellor at Washington 1931, and acted as *Chargé d'Affaires* there. Minister at Warsaw in March 1933; but recalled to Tehran as the result of some scandal dating from his Washington days the following December. Chief of the Passport Section of the Ministry for Foreign Affairs August 1935. Administrative Director-General of the Ministry March 1937 until November 1937. Minister of Roads under Qavam-us-Saltaneh 1942, and did well in that post. Resigned early in 1943 partly owing to accusations of nepotism; appointed Minister to Brazil, and proceeded thither July 1943. Replaced, March 1949. Minister to the Argentine, August 1950.

Speaks French and German, and usually very helpful and forthcoming.

27. Badir, Mahmud

Younger brother of the late Abdul Wahhab Badir. Born in 1893. Educated in England (Harrow and Cambridge). Has been in the service of the Ministry of Finance since 1910. Assistant to the Accountant-General at the Ministry of Finance for a number of years. Chief Accountant of the Ministry of Public Works October 1928. In the same capacity in the Ministry of Roads and Communications 1930. Director-General of the Ministry of Finance 1933. President of the Persian Economic Mission to Germany in July 1935. Succeeded Abul Qasim Furuhar as Under-Secretary to the Ministry of Finance in April 1936. Appointed Acting Minister of Finance on the death of Davar in February 1937. Minister of Finance September 1937 until October 1939.

Minister of Finance in Suhaili's Cabinet 1942, and in that capacity showed himself helpful in smoothing over financial difficulties and in negotiating currency agreements. Minister of Industry in Suhaili's Cabinet of 1943, but was not very successful in settling various wages disputes, and on Suhaili's forming a new Cabinet in December 1943 he was not included in it.

Minister of Finance in Sadr's Cabinet, June-September 1945. Capable and helpful but exposed to criticism for failing to suppress corruption and for introducing nepotism which, it was alleged, flourished in his Ministry on an excessive scale even by Persian standards.

Appointed Head of the Shrine Office at Meshed April 1948. Undoubtedly the most disliked man in Meshed but it is considered that he was favoured by the Shah to whom, as nominal Head of the Shrine, he sent large sums of money collected from the Shrine lands. Replaced, March 1951.

Successful in first stage of Senate elections in Kazvin (Fars), autumn 1949.

Speaks very good English.

28. Bahar, Muhammad Taqi (Malik-ush-Shuara)

Born in Meshed 1882. Son of a well-known poet named Saburi. A member of the old Democratic party, and edited a paper in Meshed called the *Nau-Bahar*. A member of the 3rd, 4th and 5th Majlises from Meshed, and of the 6th from Tehran. Edited his paper *Nau-Bahar* in Tehran during the war of 1914-18, and was pronouncedly pro-German. Nevertheless, he supported Vusug-ud-Dauleh's Cabinet of 1918-20 during which time he edited the *Iran* newspaper. Opposed the Government during the term of the 5th Majlis and was an opponent of the change of régime. An attempt was made on his life when the debate on the change of régime took place in the Majlis; but another unfortunate man who resembled him was the victim.

Sayyid Hasan Mudarris helped him to get elected to the 6th Majlis.

Nothing much was heard of him during Riza Shah's reign, except that he composed some odes in celebration of the Firdausi centenary in October 1934, and translated into Persian verse a poem by John Drinkwater on that occasion. He has been exiled from Tehran on more than one occasion.

In spite of a fondness for opium has been fairly active at Tehran since the change of régime in 1941. Up to August 1942 he and Mas'ud Sabiti actively supported Qavam-us-Saltaneh's candidature for the post of Prime Minister. After the latter's fall early in 1943, he obtained newsprint from the Russians with which he kept his paper *Nau-Bahar* going. On Committee of Russo-Persian Cultural Relations Society March 1944.

Minister of Education in Qavam's Cabinet February 1946, dropped when Cabinet was reformed in August 1946. Elected to 15th Majlis for Tehran. Democrat Party leader in Majlis. Went to Switzerland for medical treatment January 1948. Returned and was received by Shah, April 1949. President of Persian Association of Partisans of Peace, July 1950.

A shifty and over-subtle politician. Acknowledged to be a leading poet and a practical newspaper writer.

Died, 22nd April, 1951.

29. Bahrami, Farajollah (Dabir-i-A'zam)

Born about 1890. A member of a well-known and numerous Tehran family. Munshi or secretary to Riza Shah before and after his accession to the throne in 1925. Was appointed member of a commission of examination in connexion with the Lionosoff Caspian Fishery claim, but resigned from that position.

Lost the Shah's full confidence in about 1927, and was sent abroad to take charge of the Persian students in Europe, at Paris, Berlin, &c. Returned to Persia about two years later. In July 1930 appointed Governor of Isfahan, and a year later Governor-General of Fars. Minister of Posts and Telegraphs in March 1932. Resigned on the fall of the Hidayat Cabinet in September 1933, and was sent to Meshed as Governor-General in the following January. Superseded as Governor-General of Khuzistan in October 1934, for reporting that adequate facilities did not exist at Meshed for the accommodation of the orientals attending the Firdausi millenary. Since that time under a cloud. In the summer of 1935 he was suspected of complicity in some plot and was exiled to Malayer. Allowed to return to Tehran under surveillance, October 1936.

Minister of the Interior in January 1943, but he very soon became involved in a quarrel with his chief, Qavam-us-Saltaneh, which led to the collapse of the latter's Cabinet. Is very alarmed at the Soviet menace to the independence of Persia. Governor-General of Isfahan 1943-44. Successful in first stage of Senate elections in Tehran, October 1949.

A very friendly person, who always appears to do what he can to help British consular officers. Has great aspirations to literary eminence; a great admirer of Hafiz. As Minister he incurred some criticism from his fellow-countrymen for inaccessibility and lack of hospitality. Speaks very little French. Businesslike and hard-working.

30. Bahrami, Fazlollah

Born about 1897. For some time a colonel in the police, and in charge of the detective force. Acting chief of the Tehran Municipality in 1937. Director of Census and Civil Status January 1938.

Minister of Posts and Telegraphs in Suhaili's Cabinet of 1942 and filled that post adequately.

Head of the municipality again July 1943; suspended from his functions during the Tehran elections at the end of 1943 owing to accusations of illegal intervention in the elections, but resumed his functions January 1944.

Governor-General of Kerman 1944-45 where he showed great initiative by organising various schemes for improving water supply, raising money for orphanages, &c.—popular there. Offered post of Governor-General, Kermanshah, in August 1945 but refused. Governor-General, Kerman, again January 1949 until August 1949 when he became Governor-General of Khuzistan. Offered Ministry of the Interior by Razmaza, June 1950, but refused. Replaced in Khuzistan following weakness in dealing with anti-A.I.O.C. strikes, April 1951.

Health undermined by malaria. Friendly and co-operative when in Kerman. Normally reserved and placid but clever and not easily taken in.

31. Bakhtiari, Abul Qasim Khan

Born 1915. Son of the late Amir-i-Mufakkhham. Educated in England. Governor of Kashan 1941-42. Set up as a rebel leader in Janiki in March 1942, but three months later surrendered to General Zaidi, who appointed him and Manuchihr Khan As'ad as army representatives responsible for order in Bakhtiari. Rebelled again after Zaidi's arrest, but was arrested in 1943 and went to Tehran. In 1946 appointed by Qavam-us-Saltaneh as Co-Governor of Bakhtiari, and shortly afterwards entrusted with the formation of Qavam's Democrat Party there. Ordered to Tehran at the end of 1947 he refused, took to the hills, and after a short scuffle was once again arrested in April 1948. He was tried and condemned to three months' imprisonment and two years' banishment from tribal country, but his sentence was remitted by the Shah.

Intelligent and plausible, but ambitious and unreliable. He did not hesitate to turn King's evidence for purely personal motives on the outbreak of the tribal revolt of September 1946 of which was one of the ringleaders himself.

Member of the Committee of the Persian Partisans of Peace, July 1950—according to him, because of his personal friendship with Bahar.

32. Bakhtiari, Aqa Khan

Born 1908, fifth son of Sardar Muhtashim. Educated in England and speaks good English.

No actual experience of tribal affairs in the tribe as opposed to intrigue in Tehran or Isfahan.

Deputy for Shahr Kurd in 15th Majlis.

33. Bakhtiari, Jahanshah Samsam

Born 1910, the second son of Murtiza Quli Samsam by his second wife, a sister of Salar-ud-Dauleh Qashqa'i. Is more of a tribesman than his brothers and has had more tribal experience than they. After his father he has probably more influence than any other of the Ilkhani Khans in the tribe and of all the Khans comes second to Abul Qasim.

In 1943 was awarded the Humayun medal, 1st class, for arranging a meeting between the Qashqai Khans and General Jahanbani. Always friendly with British, he was presented with a silver tray at the end of 1945 in appreciation of the hospitality he had shown to British officials during the war.

Farmandar of Shahr Kurd and Deputy Governor of the Bakhtiari June 1944. Joint Governor of the Bakhtiari with Abul Qasim in July 1946. Arrested by Qavam who dismissed him in September 1946 for complicity in the plot by Bakhtiari and Qashqa'is to rise against the Central Government. Governor (Farmandar-i-Kul) Kurdistan, March 1949, until January 1950, when promoted Governor-General.

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Kermanshah where he did excellent work in making the administration more honest and more efficient. Obligated to resign by Musaddiq, May 1951.

Active, patriotic and comparatively honest, but not very clever.

34. Bakhtiari, Manuchihr As'ad

Born 1905, sixth and youngest son of Haji Ali Quli Khan, Sardar As'ad (buzurg). Married to a daughter of Murtiza Quli Samsam.

Arrested with his brothers in 1933 by Riza Shah and condemned to ten years' imprisonment. Was released in 1941 on Riza Shah's abdication. When in prison formed a friendship with Dr. Yazdi, the Tudeh leader. On the strength of this became (without success) Tudeh candidate for Isfahan in the 14th Majlis elections 1943. Took up with Sayyid Zia-ud-Din the following year only to quarrel with him later. Worked against the Tudeh in Isfahan in the winter of 1945-46. Co-Governor of the Bakhtiari with Abul Qasim November 1947, and sole Governor after arrest of Abul Qasim in April 1948. Recalled June 1949.

35. Bakhtiari, Murtiza Quli Samsam

The son of the famous Samsam-us-Saltaneh. Born probably about 1875. Took part in operations against Salar-ud-Dauleh in 1911. Represented the Bakhtiari tribe in the Majlis in the same year, and appointed Ilbeggi of the tribe in 1912. Governor of Yazd in 1914. Helped the Germans during the war 1914-18. Made his peace with the British Legation after the war. Has held the appointment of Ilbeggi or Ilkhani of the tribe on several occasions. Was with the tribe when most of the Bakhtiari Khans were arrested in December 1933; he then had the appointment of Ilkhani. He escaped the fate of his fellow khans, and has assisted the Government in their policy of inducing the Bakhtiari tribe to abandon their traditional nomadic habits. Appointed Governor of Bakhtiari early in 1943 and did well, suppressing various upstarts like Abul Qasim and establishing order in that tribal area, thereby serving British interests well during the war. By the end of 1945 he had, however, become unpopular with the other tribal khans and he was relieved of his appointment by Qavam-us-Saltaneh. Arrested in September 1946 for complicity in joint Bakhtiari-Qashqa'i rising. Released December. Deputy for Shahr Kurd in Constituent Assembly April 1949.

A clever man, not above intrigue. Quick-tempered, jovial and obstinate. Served Riza Shah well. Very pleasant to meet, but not the sort of man one can trust very far, as he is very much in the hands of his strong-minded wife and also places implicit trust in a worthless agent, Misbah Fatimi.

36. Bakhtiari, Dr. Shahpur

Born 1909. Elder son of Sardar Fatih. Educated and obtained his doctorate in France where he lived for sixteen years and served with the French Resistance Forces during the war. On return to this country was appointed in 1946 as Director of Provincial Labour Office in Isfahan. Aroused opposition from factory owners by trying to implement labour legislation too enthusiastically. Factory owners succeeded in obtaining his transfer from Isfahan, and early in 1947 he was appointed Director of Provincial Labour Office in Abadan. Was unsuccessful candidate in opposition to official Government candidates for 15th Majlis for Isfahan. Contested Khorramshahr unsuccessfully in 16th Majlis elections, October 1949, and in the same month was relieved of his post as Director of Labour.

In Abadan worked hard to improve industrial relations and preserve industrial peace. Conscien-

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tious and apparently strictly honest. Relations with Anglo-Iranian Oil Company were on the whole good. Speaks French and a little English. Is an intense nationalist and professed anti-Communist.

37. Bayandur, Ghulam Husain, Captain

Elder brother of Ghulam Ali Bayandur. Was a captain in the army until 1930, when he went to Italy on a course of naval engineering. Returned in 1934, and was appointed engineer officer of the southern naval force. Promoted major in 1935. Port officer of Abadan and Khorramshahr in 1936. Lieutenant-colonel, 1938. Transferred to General Staff 1944 and was Head of the Naval Directorate, until 1950. Commander of Armed Customs Guards, 1951.

Keenly interested in mercantile affairs, and helped to float the monopoly company for the landing of cargo in the port of Khorramshahr in 1937. Unpopular with his subordinates. Quick and hot-tempered, but less so than formerly. Uses his position for his financial advantage. Not very intelligent, but hard-working. Speaks French and Italian.

38. Bayat, Murtiza Quli (Saham-us-Sultan)

A landowner from Sultanabad, born about 1882. Owns considerable property. Member of the Majlis on several occasions, and Minister of Finance 1926-27. Deputy Speaker of the 10th Majlis. Member of the Adalat party 1942. Accused of hoarding wheat during the winter of 1942-43. Minister of Finance in Suhaili's Cabinet 1943 and performed the useful function of effacing himself completely in favour of Dr. Millspaugh. Not included in Suhaili's revised Cabinet of December 1943.

Minister without Portfolio in Sa'ad's Cabinet March-August 1944. Prime Minister November 1944-April 1945. He sought to improve relations with the Russians but his efforts only resulted in the paralysis of the administration of the country. Sent as Governor-General to Tabriz in December 1945 but failed to do anything to check the Azerbaijan independence movement and soon returned to Tehran. Joined Qavam's Cabinet in February 1946 as Minister of Finance, but was not included when Cabinet was re-formed in August 1946. Deputy for Arak in Constituent Assembly April 1949. Elected Senator from Hamadan, autumn 1949, and elected First Vice-President of the Senate on its inauguration, February 1950. Member of Mixed Oil Commission, May 1951.

Speaks a little French.

39. Bihbahani, Mirza Sayyid Muhammad

An aged divine wielding great influence in Tehran, especially among the old-fashioned type of bazaar merchant. He has the reputation of being quite unscrupulous and corrupt, ready to sell his influence on the bazaris to the highest bidder. Believed to have some close connexion with the Shah and to accept monetary payments from him.

40. Bushibri-Dibdashli, Aqa Javad (Amir Humayun)

Born in Tehran 1898. Second son of the late Haji Muin-ut-Tujjar. Educated at Tehran and in Europe. Speaks French and English. Married a daughter of the late Haji Amin-uz-Zarb. Elected a Member of the 7th Majlis.

Was in Hamburg at the outbreak of the war in 1939, and spent some time in Germany thereafter. Finally got away to Istanbul in 1942 with the help of Count Schulenburg and returned to Tehran March 1943. Arrested and sent to Sultanabad as a suspect in June 1943. Released May 1945. Appointed Governor-General of Fars October 1946 with approval of the Qashqa'is but only held the appointment for a few months.

Minister of Posts and Telegraphs under Qavam-us-Saltaneh September-December 1947 and Minister of Agriculture under Hazhir June 1948. Deputy for Bushire in Constituent Assembly April 1949. Successful in the first stage of the Senate elections in Bushire but elected a Senator from Tehran, October 1949. Minister of Roads under Musaddiq, May 1951 (first introduced as Minister of National Economy). Member of Persian negotiating team in oil talks with Harriman and Stokes, July-August 1951.

More interested in politics than his elder brother, Aqa Riza. Fond of pomp, and very extravagant in his manner of living. Nicknamed by some of his friends "Prince Merchant."

A clever man who in the past has always maintained friendly relations with British officials.

41. Daftari, Dr. Abdullah

Brother of Dr. Matin-Daftari. Educated at the American School in Tehran.

Was on the Majlis staff until 1933 when he was transferred to the Ministry of Finance under Davar, at whose suggestion he later went to Germany to study economics. Returned to Persia soon after the outbreak of war in 1939.

Worked in the Mortgage Bank for a time. Deputy Governor of the Bank Milli, 1943-50. Minister of National Economy under Razmara, October 1950-March 1951. Government representative at the International Labour Conference at Geneva, June 1951, where he made an anti-British speech.

Not a strong character but is fairly sound on financial matters and proved a good administrator in the Bank Milli. He has a very attractive Shirazi wife.

42. Dashti, Ali

Born about 1887. Educated in the schools of the Holy Places of Iraq. Returned to Persia about 1922 and edited a paper called the *Shafaq Sarkh*. As an editor he became notorious for slanderous abuse and the extortion of money by blackmail, and his abuse of Great Britain and British statesmen was frequently the subject of complaint from His Majesty's Legation to the Persian Government. He was elected a Deputy to the 5th Majlis in 1924, but he was refused a seat by the Parliamentary Commission, whose duty it was to scrutinise his election proceedings. He was prominent in the abortive Republican movement in 1924, and is said to have received and pocketed large sums from Riza Pahlavi, on whose behalf he worked. He espoused the cause of Riza Pahlavi against Ahmad Shah, and was elected a Deputy to the 6th Majlis in 1926. He was invited to Moscow in October 1927 to attend the tenth anniversary of the Soviet régime. From Moscow he went to Berlin and Paris and returned to Persia early in 1928. He was elected a Deputy to the 7th Majlis in 1928 and to the 8th Majlis in 1930.

Edited or controlled his paper till about July 1935, receiving subsidies now from the Shah and now from the Soviet Embassy.

In July 1935 he fell into disgrace and was said to have uttered disparaging remarks about Riza Shah's régime. His paper was suppressed and he himself was allowed to plead sickness and to retire to a Government hospital where he was made to pay well for his maintenance.

At liberty again at the end of 1936. In charge of the Press Bureau of the Ministry of Interior in 1937.

After the fall of Riza he returned to the foreground of Tehran politics. A severe critic of Furughi and Suhaili in 1942, he worked hard for the return of Qavam-us-Saltaneh as Prime Minister. When the latter came back to power and did not make Dashti a Minister, he turned against him and criticised him in many speeches.

Elected to 14th Majlis in 1943. In the oil crisis of 1944 he opposed the spread of Russian influence

in Persia and strongly supported the "resistance" Cabinets preceding Qavam-us-Saltaneh's. Was consistently attacked by Tudeh press during this period. Arrested May 1946. Released December 1946.

Did not obtain a seat in 15th Majlis. Presented credentials as ambassador in Cairo December 1948. Successful in the 1st stage of Senate elections in Tehran and Bushire, autumn 1949. Returned to Tehran, early March 1951, and became Minister without Portfolio under Ala later the same month Shah's special ambassador to Jordan on the cancellation of his State visit, April 1951.

He is a hot-headed firebrand with no scruples and no principles and is capable of the basest villainy if it will help him to obtain his ends.

Trusted little, even by his friends who regard his excessive attachment to women (which he publicly displays) as not in keeping with high office.

A persuasive orator, who holds the attention of the Majlis as few other persons can do.

43. Diranbaigi, Aqa Riza Ali

Born in Kurdistan about 1891. Educated in Persia. In the employ of the Ministry of the Interior for some years. Went to Turkey with the Nationalists during the war. "Chef de Cabinet" to the Governor-General of Kirman when Taimurtash was in charge there. A member of the 6th, 7th and 8th Majlises. Governor of Gilan in 1931. Resigned in 1933, and appointed Governor of Mazandaran in October 1934; relieved early in 1936. Governor-General of Khuzistan July 1942 and showed some energy, but is reported to have lined his pockets pretty thoroughly in connexion with certain contracts. Recalled early 1943. Governor-General, Gilan, October 1947-February 1950, when nominated Senator for Kermanshah.

Speaks French. Agreeable to talk to, but unreliable. Related to the Qaragazlu family.

44. Fahimi, Khalil (Fahim-ul-Mulk)

Born about 1885. Related to the Mukhbir-ud-Dauleh (Hidayat) family.

Employed in various posts in the Foreign Office early in his career. Minister of Finance in June 1922. Appointed Governor-General of Kerman in October 1925, but did not proceed. Member of the Majlis for Quchan on several occasions. *Rapporteur* of the Financial Commission of the Majlis. Supported, by a speech in the Majlis, the cancellation of the Anglo-Persian Oil Company concession. Appointed Governor-General of Azerbaijan in February 1934. Ambassador to Turkey May 1936. Recalled November 1939.

Prominent member of the Society of Supporters of the League of Nations, founded in December 1933. Governor-General at Tabriz 1941 after the fall of Riza Shah. Did not display much energy in dealing with a difficult and delicate situation. Recalled to Tehran at the end of 1942. Minister without portfolio in Suhaili's Cabinet of 1943. Minister without portfolio August 1944-April 1945. Minister of Interior in Hakimi's Cabinet November 1945, but was forced by the Prime Minister to resign at the end of December. Minister of Interior under Hazhir in June 1948. In September 1948 appointed Governor-General, Azerbaijan, whence he was recalled to join Sa'ad's Cabinet as Minister without Portfolio in March 1949. Dropped January 1950.

Minister without Portfolio under Razmara, 31st January, 1951; on the assassination of Razmara he was appointed by the Shah to carry on the Government temporarily but the Majlis refused to give him a vote of confidence.

Died 18th May, 1951.

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45. Farhudi, Dr. Husain

Born about 1899. Son-in-law of Vahid-ul-Mulk Shaibani. Educated in Tehran. Served in various capacities in the Ministry of Education, at Tehran and in the provinces. Has also done newspaper work. One of the Directors-General of the Ministry 1943. Successful candidate for Dasht-i-Mishan and Susangird in the 14th Majlis 1943. Arrested by Qavam-us-Saltaneh December 1946. Released January 1947. Deputy Prime Minister in Hakimi's Cabinet December 1947. Represented Dizful in Constituent Assembly 1949. Deputy for Dizful in 16th Majlis. Successful in first stage of Senate elections in Tehran, autumn 1949.

Speaks French.

46. Farman, Hasan Ali (Zia-ul-Mulk)

Born near Hamadan, 1886. Of the Qaragazlu family. Educated partly in France; speaks French.

A large landowner, was Deputy for Hamadan in the 7th Majlis (1928), three times between 1933 and 1943 and again in the 14th Majlis (1943). Minister of Agriculture under Ala, March 1951, and retained this post under Musaddiq, May 1951.

Pleasant to meet but rather colourless and timid. Limited in outlook and not very practical.

47. Farrukh, Mihdi (Murtasim-us-Saltaneh)

A Sayyid. Born about 1887. Was for some years in the employ of the Ministry for Foreign Affairs and head of the 2nd Political Department, dealing with eastern countries. Minister at Kabul in 1927-28. Subsequently Director-General of Industry. Governor of Western Azerbaijan February 1936. Again Director-General of Industry and Mines September 1937 and shortly afterwards raised to the newly-created appointment of Minister of Industry and Mines. Removed from this post without explanation March 1938.

Governor-General of Fars 1940, and of Kerman in 1941. Minister of the Interior of Suhaili's Cabinet July 1942 and in spite of Majlis opposition maintained his place in the Cabinet. Qavam-us-Saltaneh, in August, made him Minister of Food, in which post he displayed a sort of crazy activity which irritated many and did not achieve much. Having fallen out with the American adviser Sheridan, he left the Ministry of Food on the fall of the Qavam Cabinet in February 1943. Elected a Deputy for Zabol in the 14th Majlis November 1943.

Appointed Governor-General of Fars December 1945 but was recalled in February 1946. Presented credentials as ambassador at Nanking November 1948. Arrived in Tehran, December 1949, after withdrawal of mission. Appointed Chief of Police at the end of May 1950; replaced on fall of Mansur Cabinet, June 1950. Nominated Senator for Azarbaijan, December 1950.

48. Fatih, Mahmud

Brother of Mustafa Fatih. Born about 1900 at Isfahan and educated at Tebran and at Montpellier. Trained in agriculture and husbandry. In charge of the Karaj agricultural school for some years. Under-Secretary at the Ministry of Agriculture 1943. Has planned a model village at Viramin, of which he is very proud. Minister of Agriculture in Sa'ad's Cabinet March 1944 but only retained office for a few days. Member of Directing Committee of the Seven-Year Plan, 1947. Governor of Agricultural Bank, December 1950.

Helpful and business-like, though inclined to be too optimistic and to imagine that all Persia's agricultural difficulties can be solved by tractors.

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42. Fatih, Mustafa

Born in Isfahan about 1897. Son of Fatih-ul-Mulk, a servant of the Prince-Governor of Isfahan, Zill-us-Sultan. Educated at Tehran and at Columbia University, United States, where he graduated in economics. Entered the Anglo-Persian Oil Company about 1922 and is the senior Persian official in that company drawing a large salary. Author of a book on the economic condition of Persia published in 1926. Appointed Assistant General Manager (Adm.) of A.I.O.C. at Abadan in February 1947.

Has a perfect command of English and is keenly interested in Persian politics. In 1943 founded the Hamrahan Party with a reform programme; the party had faded out by 1945. He also has an international outlook and a considerable knowledge of world politics, particularly those of the Left. Intelligent, friendly and very approachable. Is a mine of information about the foibles of his own countrymen. Since his appointment as Assistant General Manager he was a focus of mischief and pointless intrigue.

Has a son in England and a daughter formerly married to Asghar Mirza, the son of Sarim-ud-Dauleh. His wife was daughter of the Zill-us-Sultan's head secretary, Siraj-ul-Mulk.

50. Fatimi, Dr. Husain (Saifpur)

Born c. 1915 of a Na'in family. Educated at the Stewart Memorial College, Isfahan, and worked for a time in the reading-room of our consulate there. After the war went to Paris and took a doctorate in law there. On his return to Tehran took over the editorship of *Bakhtar* from his elder brother.

An early supporter of the National Front and Dr. Musaddiq, he took "bast" with the latter in the Palace as a protest against the 16th Majlis elections in Tehran, October 1949. Conducted violent press campaign against the A.I.O.C. from the time of the Supplemental Oil Agreement; bitterly opposed to Razmara. Appointed Political and Parliamentary Under-Secretary to Dr. Musaddiq when he became Prime Minister, May 1951; also supervises Propaganda Department.

Speaks French. A dangerous and venal intriguer.

51. Fatimi, Mihdi (Imad-us-Saltaneh)

Born about 1886. Has had an official career in the Ministry of Finance and in 1918 was financial representative in his native city of Isfahan, where he is influential both through his own family and through that of his wife, who is a daughter of the late Prince Zill-us-Sultan. Appointed Deputy-Governor of Fars in 1922-23. Elected a Deputy from Isfahan in the 5th and 6th terms of the Majlis. Appointed Minister of Education in August 1925, Minister of Justice in December 1925 and Minister of Interior February to May 1927.

As a Minister and a Deputy he was uniformly popular and successful. In 1928 he fell out with the Minister of Court and was not allowed to be elected to the 7th term of the Majlis. Elected a Deputy to the 8th Majlis 1930. Governor of Gilan from December 1933 until October 1937.

Head of the Municipality of Tehran under Suhaili's Cabinet February 1943. Resigned 1943 and elected Deputy for Na'in 1943. One of the leaders of the Ittihad-i-Milli group in the 14th Majlis which contained about twenty Right-wing members.

Appointed Governor-General of Fars in March 1946. Recalled during the Qashqa'i revolt in autumn but reappointed February 1947. Recalled May 1947. Elected Senator for Isfahan October 1949.

Speaks a little French.

52. Fatimi (Nasrullah), Saifpur

Born about 1905, one of four brothers, a Naini family which claims relationship with Mihdi Fatimi

(Imad-us-Saltaneh), though the latter denies it. Educated at the Stuart Memorial College, Isfahan, where he became a baptised Christian; but he made away with some of the mission funds and the mission do not forgive him. He and another, named Husain Saadat, wrote a book against Islam. In order to marry his present wife, who is well off, became a Bahai.

Farmandar (Governor) of Shiraz 1941-43; then resigned, apparently because he had amassed too much money there. His Majesty's Consul, Shiraz, considered him energetic, helpful and capable. Then returned to Isfahan as candidate for the 14th Majlis for Najafabad, and though he had little real following in that area success was engineered for him by Murtaza Quli Bakhtiari and Sarim-ud-Dauleh. Intelligent, entirely unscrupulous, and very ambitious; speaks good English and has studied English and English literature, and can remember many extracts. Has many enemies, both Persian and British, but is a man who can, when he wishes, make himself very useful. Was largely responsible for organising the anti-Tudeh Workers' Union in Isfahan.

Before Qavam came into power in 1946, he pretended to be passionately opposed to him (a ruse enacted to please the British). In fact he almost certainly supported him as was shown by an article appearing in his brother's paper *Bakhtar* on the day that Qavam was elected. (Originally he ran *Bakhtar* himself in Isfahan.)

After the demise of the 14th Majlis he went on a visit to the United States, where he has remained as a professor at Princeton University.

53. Fidakar, Taqi

Born about 1905 in Isfahan of humble origin. Educated at the Sarimiyyeh school in Isfahan. Trained as a lawyer. Worked for a time in the Soviet Consulate General at Isfahan in connexion with the sale of Soviet textiles in Isfahan. From 1940 onwards devoted most of his energies to improving the lot of the Isfahan factory workers. Founded a primitive type of trade union and became workers' spokesman in disputes about conditions of employment. Affiliated his union to the Tudeh party and, with the latter's support, was elected to the 14th Majlis in 1943 as Deputy for Isfahan.

Lost his political following among the factory workers of Isfahan during 1944-45 when the Isfahan workers' union broke away from the Tudeh, but in April 1946 he succeeded in re-establishing Tudeh influence. During 1947 when, arising from their support of the Azerbaijan democrats, the Tudeh party became discredited, Fidakar lost much of his influence in Isfahan, professed disillusionment with the Communist inspiration of the Tudeh movement and retired to Tehran. He resigned from the Tudeh party and was dismissed from the Tudeh trade union, since when he has lived quietly in Tehran obtaining what business he can as a lawyer and giving free services to any workers in legal difficulties. Suspected by the Right-wing because of his earlier record and by Tudeh sympathisers because of his defection from that movement, he is living in near poverty. He retains his idealism and enthusiasm for social reform and is likely to appear again in the political arena.

Is a member of Aramish's party, Millyan-i-Demokrat, founded in February 1951.

54. Firuz, Muhammad Husain, Major-General (Sarlashgar)

Born about 1895. The fourth son of the late Farman Farma. Educated at the military college at Petrograd. Entered the Persian army during the 1914-18 war, and was regarded as one of the promising young officers of the army. Appointed Chief of Staff of the Southern Division in 1925, and did very

good work in organising the troops in Fars and enforcing discipline and efficiency. Sent to Delhi as representative of the Persian army at the Indian army manoeuvres early in 1925. Fell under suspicion for some reason about 1929 and resigned his commission. His Qajar origin was no doubt the cause of his collapse.

Returned to Persia late in 1941, and was sent to Fars as G.O.C. and Governor-General in March 1942. Superseded in both appointments by Marshal Shahbakhti a year later. He had succeeded in keeping a rather precarious order in Fars, but never succeeded in repressing Nasir Qashqa'i's rebellious movement. Head of the air force 1943. Again appointed Governor-General of Fars in early summer of 1944 but did not get on with the influential Qavam-ul-Mulk or the Qashqa'i Khans. His enemies accused him of weakness and of truckling too much to the Tudeh, but His Majesty's Consul, Shiraz, on the contrary, considered that his refusal to take unnecessarily repressive measures against the Tudeh was more sound. Appointed Minister of War in Sa'idi's reconstituted Cabinet in August 1944 but refused the appointment. Minister of Communications in Hakimi's Cabinet November 1945. Resigned a month later. Returned to the same Ministry in Qavam's Cabinet in February 1946, but was left out when Qavam re-formed his Cabinet in October 1946. Appointed Inspector-General, Persian Air Force, March 1947, and retired from military service in 1949.

Speaks very good French and Russian and some English; intelligent and enlightened. Very attached to his brother Firuz (Nusrat-ud-Dauleh). Married a Miss Namazi, who was educated in Hong Kong, speaks English perfectly, and is one of Persia's leading feminists.

55. Firuz, Muhammad Vali Mirza (Farmanfar-mayan)

Third son of the late Farman Farma. Born about 1893. Educated at Beirut and Paris. Sent to Tabriz as head of the Finance Department 1915. Said to have taken many bribes while in that appointment. Is very thrifty and has large properties both in Tehran and Tabriz. Elected a Deputy to the 4th, 5th and 6th Majlises for Tabriz. On the fall of his brother, Nusrat-ud-Dauleh, in 1931, he retired from public life and was seldom seen. Has been in Europe a good deal.

Elected to the 13th Majlis for Sarab in September 1941, and again to the 14th in November 1943. His appearance being that of an underfed bird of prey, seems to keep him in the background, but he has a good deal of his father's intelligence. Became Minister of Labour and Propaganda in October 1946 but resigned in December to stand as a candidate for the 15th Majlis. Went to Switzerland February 1947.

Now back in Persia. Founder member of Persian Democratic Youth Organisation, a Tudeh Party cover organisation, July 1951.

56. Firuz, Muzaffar

Born about 1910, grandson of Farman Farma, brother of Muhammad Ali Shah, and accordingly uses the title of Prince in social life. Educated at Harrow and Cambridge. Speaks excellent English and fair French: is bitterly hostile to the Pahlavi dynasty and his sole *raison d'être* is to avenge the murder of his father by Riza Shah. At one time employed in Persian Legation in Washington, whence, it is believed, he was removed at the request of the United States Government for abuse of diplomatic bag privileges.

It was Firuz who went to Palestine and brought from there Sayyid Zia's first manifesto. He remained an ardent supporter of Sayyid Zia until May 1945 when he broke with him. He says that the breach was caused by Sayyid Zia's becoming more and more

dictatorial, but Sayyid Zia's version was that they had to part because Firuz would not abandon his newspaper campaign, in the newspaper *Ra'd-i-Imruz* against the Shah, and Sayyid Zia felt that it was impossible to fight the Russians and the Shah at the same time. Towards the end of 1945 he became one of the chief supporters of Qavam-us-Saltaneh. As a reward for this, Qavam, when he became Prime Minister in February 1946, appointed Firuz Political Under-Secretary, an office apparently created for the purpose, and Director of Propaganda. He became Minister of Labour and Propaganda in August 1946, but was dropped when Qavam-us-Saltaneh reformed his Cabinet in October 1946 and sent to Moscow as ambassador. Relieved of this appointment in the autumn of 1947, he took up his residence in Switzerland and has since moved to Paris. He has a bent for propaganda and sensational journalism and has succeeded in making himself extremely unpopular even with his colleagues. His madness is enhanced by a titanic conceit but not by conspicuous courage.

Rash, unbalanced, dishonest, untruthful and malicious, would probably sacrifice anything to bring about the downfall of the Shah. In view of his record he was naturally suspected of having helped Qavam-us-Saltaneh to write the open letter to the Shah about the suspensory veto which caused some stir in Tehran in April 1950.

57. Furuhar, Abbas

Born about 1895. Though his junior in age, is an uncle of Abul-Qasim Furuhar. Member of the Protocol Department of the Ministry for Foreign Affairs in 1934, and acted as head of that department in 1935 and part of 1936. Head of the Personnel Department July 1936 to April 1937. Counsellor, Angora, until September 1938. Head of the Protocol Department September 1938.

Sent to Beirut with the vague title of "Délégué" at the end of 1942. Recalled temporarily in 1943 to give explanations about the conduct of Muzaffar Firuz. Chargé d'affaires to Greek Court in Cairo June 1944. Minister to Yugoslavia April 1946. Replaced mid-1949 but had not returned to Persia by June 1950.

Speaks French. Married in 1930 a daughter of Muhammad Ali Muqaddam. Polite, friendly and well-meaning, but the head of the Protocol Department under Riza Shah had a thankless task. Nevertheless, he, unlike his colleagues at the Court, survived the ordeal of the Crown Prince's wedding celebrations.

58. Furuhar, Abul-Qasim

Born in Tehran about 1883. A grandson of Mirza Abbas Khan Qavam-ud-Dauleh, who was Minister of Finance for some years. Educated in Tehran and Switzerland; studied law. A judge in the Tribunal of the Ministry for Foreign Affairs 1915-21. Chief of Construction at the Tehran Municipality 1921-24. President of the Tribunal 1926-27. Assistant Director of the Registration Department in the Ministry of the Interior 1927-28. Judge in the Appeal Court in 1929. Under-Secretary of the Ministry of Finance under his great friend Davar October 1933. Accompanied the Shah on his State visit to Turkey in June 1934. Minister to France June 1936; but recalled in January owing to an anti-Persian press campaign in some French newspapers. Acting Minister of Interior July and Minister September 1937. Minister of Industry and Mines March 1938. Minister of Interior August 1938 to February 1939 when superseded for no stated reason. A Deputy for Tehran in the 12th Majlis October 1939, and in the 13th Majlis 1941. Appears to have lost some of his energy, being unwilling to become Minister of the Interior to run the elections

in 1943. Minister of Posts and Telegraphs and later Minister of Finance in Sa'id's Cabinet March-August 1944.

Delegate to U.N.O. Assembly September 1947. Appointed minister to Switzerland 1948. Also accredited to Vienna August 1949. Recalled by Musaddiq, May 1951, because of his relationship with Ghulam Hussain Faruher of Supplemental Oil Agreement fame. Married to a Bulgarian lady.

59. Faruher, Ghulam Hussain

Born in 1903. Brother of Abul Tasim Faruher. Educated at the School of Political Science, Tehran, and at Berlin University where he studied economics and law. Entered the Ministry of Justice in 1928 and held various appointments in that Ministry until 1934 when he transferred to the Ministry of Finance. Director-General in the Ministry of Finance in 1940. In 1941 was appointed to Germany to investigate commercial relations between Persia and Germany. After relations with Germany were cut he acted as economic counsellor to the Persian Legation in Switzerland. Returned to Persia early 1946 and was appointed Director-General of the Taxation Department of the Ministry of Finance. Minister of Roads and Communications in Qavam-us-Saltaneh's Cabinets December 1946 to December 1947. Head of Industrial Bank October 1948-August 1949, when appointed Minister of Labour by Sa'id. Dropped January 1950. Ministry of Labour under Razmara, August 1950. Transferred to Ministry of Finance, October 1950, and undertook the defence of the Supplemental Oil Agreement in the Majlis, December 1950, a task which he performed with commendable courage. As a result of the outcry in the Majlis, inspired against him by the National Front, he was forced to resign in January 1951.

Gained much influence at one time by his wife's close association with Princess Ashraf. Intelligent but more of a show-man than an administrator. Speaks fluent French and German.

60. Garzan, Abbas, Major-General (Sarlashgar)

In 1941 he was head of the Railway Administration, but left it in June 1942 as a result of differences with other officials, and was appointed head of the 3rd Bureau of the General Staff. In September 1943 was transferred as head of the 2nd Bureau and a month later was appointed Deputy Chief of the General Staff. In September 1944 he was appointed to command the 9th Division and left it again to become Deputy Chief of the General Staff, March 1946. Promoted Brigadier in June 1946 and not long after became Director of Personnel in the Ministry of War. In 1947 he assumed command of the 3rd Division at Tabriz and in September 1948 changed to the command of the 4th Division at Riza'ieh. Promoted major-general, March 1950. Relinquished command of the 4th Division in May 1950 to become Deputy Chief of the General Staff and the next month, when Razmara became Prime Minister, he became Chief of the General Staff.

He gained the esteem of the British officers working in the railway administration during the war who considered that he co-operated well and loyally. He was highly thought of by His Majesty's Consul at Isfahan and has always appeared friendly, efficient and honest. He is believed to be one of the more capable officers in the Persian army. He speaks fair French but no English.

61. Ghaffari, Amir Satam-ud-Din (Zuka-ud-Dauleh)

Born in Tehran about 1880. The second son of the late Muhandis-ul-Mamalik. Educated in Persia and Germany. On the staff of the Ministry of Education 1914-18. First Persian representative to League of Nations. Appointed Persian Minister in

Berne 1919-22. Did not venture to return to Persia till the Pahlavi régime was well established in 1931. A chamberlain to Muzaffar-ud-Din Shah and Ahmad Shah. Employed in the Ministry of Education 1934, as a professor of economics. Imprisoned 1939 by order of Riza Shah, on an accusation of having expressed doubts whether the trans-Iranian railway would pay. Sentenced to two years' imprisonment, but kept in prison when his term had been served. Finally obtained release on the fall of Riza Shah in 1941. Director of the Propaganda Section in 1942 and 1943 though he was not very effective in that post and was relieved of his duties early in 1943. Advocated propaganda in favour of religion in order to keep men's minds away from communism.

Minister for Posts and Telegraphs in Qavam's Cabinet February 1946. Left out when the Cabinet was re-formed in August. Now a director of the Persian Insurance Company. Successful in the first stage of the Senate elections in Tehran, October 1949.

Speaks French, German and some English. A very voluble, persistent, tedious little man, with a great idea of his own importance and infallibility. Has a large family of daughters.

Died July 1951.

62. Ghaffari, Hasan Ali (Mu'avin-ud-Dauleh)

Born about 1890. Son of the late Mu'avin-ud-Dauleh, a former Minister for Foreign Affairs. Educated in Europe. At one time attaché to the Persian Legation in Brussels and head of the Protocol Department of the Ministry for Foreign Affairs. After the Coronation of Riza Shah in 1926, Ghaffari was appointed Grand Master of Ceremonies at the Court, a post he held until March 1929 when he was appointed Political Director-General at the Ministry for Foreign Affairs. Dismissed November 1929 for permitting publication in the press of the judicial safeguards accorded to foreign subject after the abolition of extra-territorial privileges, but reinstated a month later owing to his friendship with Taimurtash, the Minister of Court. Minister at Brussels 1933-36. *En disponibilité* for ten years living in Switzerland and France. Returned Tehran mid-1947. In 1947 he was appointed first Persian Ambassador to Pakistan but did not proceed. Appointed minister to Brazil with personal rank of ambassador March 1949. Presented credentials as Minister also to Chile February 1950.

An agreeable and well-educated man. Speaks French and German fluently.

63. Ghani, Qasim

Born about 1894 at Sabziviar. Sent to Tehran for education by his uncle, Aqa Khazra'i, and studied in the Bahai "Tarbiat" school for four years. Then went to Beirut where he qualified as a doctor after a course lasting about seven years. On return to Tehran stayed a short time and then went back to his native town and practised medicine, founding a hospital and doing many good works. Then went to Meshed, where he married a rich wife. A great student of Persian literature. Elected as a Deputy for Meshed in the 13th Majlis. Minister of Health in Suhaili's revised Cabinet of December 1943, Minister of Health in Sa'id's Cabinet of March 1944. Resigned in April 1944. Member of the Persian Farhangistan or Academy. Member of Persian Delegation to U.N.O. September 1946.

Appointed ambassador in Cairo June 1947. Returned towards end of 1948 and proceeded to Angora as ambassador at the end of December 1948. Accompanied the Shah to the United States November 1949.

A cultured and widely-read man, reputed to be a Bahai, but that is doubtful. Author of a history of Sufism. Speaks English and French.

64. Gulshayan, Abas Quli

Successively Minister of Finance, Communications and Justice under Furughi August 1941-March 1942. Appointed Governor-General, Tabriz, September 1943 but did not proceed. Head of Tehran Municipality January-August 1944. Minister of Communications under Sadr June 1945. Governor-General, Khurasan, April-September 1948 when he was appointed Minister of Justice under Hazineh. Minister of Finance in successive Sa'id Governments from November 1948 to March 1950. Persian Government plenipotentiary in the negotiations with the A.I.O.C. which culminated in the signature of a Supplemental Agreement between the Persian Government and the A.I.O.C. in July 1949. Governor-General of Fars, May 1950.

Speaks French and has only a limited knowledge of English. Capable, affable and friendly. Is generally regarded as corrupt.

65. Ha'fat, Ali

Of Azerbaijani origin. Was opposed to Riza Khan before he became Shah but later became one of the late Shah's friends. A Deputy on several occasions before becoming a magistrate. President of section of Supreme Court of Appeal when arrested at instance of Allied Security authorities and interned at Arak (Sultanabad) August 1943. Public Prosecutor at Supreme Court of Appeal when appointed Minister of Justice by Mansur April 1950; he appears to have owed his appointment to the fact that he was acceptable to such mutually incompatible elements as the Court and the National Front. Resigned with Mansur, June 1950. Minister of Justice under Musaddiq, May 1951.

66. Hakimi, Ibrahim (Hakim-ul-Mulk)

Born in Azerbaijan 1870; studied medicine in France for ten years; speaks French. Was Qajar Court Physician as was his father. Deputy in the 1st Majlis 1908. Minister of Finance 1910. Minister of Education 1910, 1911. Minister of Finance 1911. Minister of Finance or Education several times up to 1918. Minister of Education 1920. Lived in retirement throughout Riza Shah's reign. Minister without Portfolio in Qavam-us-Saltaneh's Cabinets August 1942 and February 1943. Associated with Qavam-ul-Mulk in his pro-German intrigues before the invasion. Member of the National Bank Advisory Council in 1943, 1944 and 1945; was considered an ancient nonentity, deaf and infirm, but in May 1945 was appointed Prime Minister because all other candidates were opposed by one or other faction in the Majlis. His Cabinet failed to obtain a vote of confidence and resigned a month later. He again became Prime Minister in November 1945 and did his best to deal with the Russian-inspired independence movement in Azerbaijan and had courage enough to refer to the Security Council of U.N.O. the situation created by the Russian refusal to allow the Persian Government to send troops to Tabriz.

In December 1945 wished to go to Moscow for direct negotiations with the Russians but his request was turned down. Exhausted by his efforts and intimidated by the growing hostility of the Shah and the factions in the Majlis, he resigned in January 1946.

Appointed Prime Minister December 1947 after the fall of Qavam-us-Saltaneh. He survived in that office until June 1948, when his Government resigned on failing to obtain a vote of confidence. A member of the Regency Council during the Shah's visit to the United Kingdom in July 1948. Elected to the Constituent Assembly for Tehran April 1949 and as a Senator for Tehran October 1949. Again a member of the Regency Council and also appointed Minister of Court on the eve of the Shah's departure to the

United States November 1949. Resigned from post of Minister of Court after the Shah's marriage, February 1951.

Eminently friendly and sincere, and not without backbone, but elderly, deaf and lacking in grip.

67. Hasibi, Engineer Kazim

Born c. 1902. Studied mining engineering in France. Speaks French and some English. Assistant head of Mines Department, October 1942. Director-General and Technical Adviser, Ministry of Commerce and Industry, December 1943. Head of Industrial Institute, Ministry of Commerce and Industry, September 1944.

Chief theoretician of National Front on oil, was appointed additional Under-Secretary at the Ministry of Finance by Musaddiq, May 1951, with position of permanent deputy to the Minister of Finance on the Mixed Oil Commission. One of the Persian delegates at the negotiations with the A.I.O.C., June 1951.

Fanatically anti-British. He has a crazy look in his eye.

68. Hidayat, Abdullah, Major-General (Sarlashgar)

Born about 1902, the son of Mukhbir-ud-Dauleh (Ghulam Riza Kinul-Hidayat), and so member of a family that has usually been pro-British. General Hidayat is outwardly friendly, and is intelligent and ambitious but something of an intriguer. Trained at the French Ecole de Guerre, and also at Fontainebleau. Head of the Third Bureau, General Staff, February 1941; at the Staff College November 1941; Deputy Chief of the General Staff May 1942; Commandant of the Officers' School November 1942. Under-Secretary, Ministry of War, April 1944. Acting Minister of War September 1944. Director of Artillery November 1945. Under-Secretary of War February 1946. While still retaining this post he left for the United States in March 1947 to negotiate purchases of military supplies under a loan to the Government for this purpose. Returned in 1948 and continued in the same post until appointed Commandant of the Staff College in February 1950.

Appointed Minister of War by Razmara, June 1950, and held this post until the latter's assassination. Appointed Commandant of the Staff College, May 1951.

A well-qualified serious officer, more staff officer than a commander. Has a good reputation for honesty. When with the General Staff supported Yazdan-Panah in his opposition to a foreign military mission, but now appears very friendly to the Americans. Belonged to the military clique headed by his friend Razmara. Speaks good French and fair English.

69. Hidayat, Izzatullah

Son of the late Sani-ud-Dauleh, who was murdered in Tehran during the Constitutional troubles about 1908. Born about 1895. Educated as a civil engineer in Germany. Member of the staff of the legation at Berlin 1920-23. On the staff of the Ministry of Public Works 1925. Appointed Chief of Railway Construction about that time. Interested in various engineering projects in Tehran, and in a spinning factory. Director of the port of Pahlavi 1930. Arrested and tried for complicity in the irregularities in the Ministry of Roads and Communications February 1936; sentenced in the autumn to six months' imprisonment and a fine. Exonerated after the fall of Riza Shah but not re-employed in Government service. In 1943 engaged in contracting work. Appointed Inspector of Railways in August 1945, and Director-General January 1947. Relieved of this post January 1949 but remained Inspector. Was selected as independent chairman of a Workers

Congress held in February 1951 under auspices of Ministry of Labour, and is still closely associated with the new T.U.C. formed to co-ordinate activities of I.S.K.I. and I.M.K.A.

Intelligent and of charming manners. His mother was a daughter of Muzaffar-ud-Din Shah. He is married to a Russian. He speaks Russian and French fluently and has a fair knowledge of English. Cousin of Khusrau Hidayat. Visited England and Europe early 1949—on railway matters. Very friendly and frank, but lacks drive. Reported to have close connexions with German firms.

70. Hidayat, Khusrau Bahman

Aged about 40. A qualified mechanical engineer. Assistant head of Iranian State Railways May 1944 and appointed Director-General November 1944. Relieved of post early 1945, but reappointed for a few months in October 1946.

One of the first members of Qavam's Democrat Party (September 1946) and was made responsible for organising a trade union section of the party to oppose the Tudeh movement. Obtained an appreciable following among workers, especially on the State Railway, presided at two congresses in Tehran in 1947 when the I.S.K.I. Trade Union was formed (this being the Democrat Party organisation in disguise), and in August 1947 became first secretary of the "Federation of Trade Unions of Workers in Iran" (I.S.K.I.). Elected to 15th Majlis for Tehran in 1947. Deputy for Tehran in the Constituent Assembly April 1949. Workers' delegate to the International Labour Conference, Geneva, June 1949. Elected president of Asian Federation of Labour January 1950. Failed to get elected to the 16th Majlis from Tehran 1950.

At one time represented workers on High Labour Council and other joint negotiating bodies, and is still a member of the Executive Committee of the I.C.F.T.U. Has little in common with the working class, and only a slight knowledge of the principles of trade unionism and insignificant organising abilities. Uses his position to improve his own status and settle personal scores.

He was previously married to a Belgian who left him a few years ago. He owes his position to his influence at Court particularly with Princess Ashraf. Speaks French.

71. Hikmat, Ali Asghar

Born about 1894. A member of a Shiraz family and cousin to Mushar-ud-Daulah (Mirza Nizam-ud-Din Khan Hikmat) and Sardar Fakhir (Mirza Riza Khan Hikmat). Educated in the Church Missionary Society School at Shiraz 1908-09. Well-read in Arabic. Went to Tehran in 1914, where he entered the American College, graduating in 1917. Joined the Ministry of Public Instruction as an inspector. Appointed Director of Education for Fars about 1920, but kept out of the position owing to intrigues. Candidate for the 5th Majlis in 1923, for Shiraz and also for Jahrum, but was not successful. Employed in the Ministry of Education until about 1930, when he went abroad to Paris to study law. Said to have done well in his examinations. Returned to Tehran in September 1933, to take charge of the Ministry of Education as Acting Minister. Raised to the rank of Minister in February 1936. Dismissed July 1938 owing to the Shah's displeasure about a telegram connected with the Paris Exhibition, but restored to favour as Minister of the Interior February 1939. Resigned March 1940. Was proposed for minister, Berlin, but the German Government hesitated about his agreement. When it did come the Shah decided to re-employ him as Minister of the Interior instead, but dismissed him in June 1940.

Minister of Industry and Commerce in Furughi's Cabinet in 1941, and had a good deal to do with the negotiations about the Tripartite Treaty of 1942. Minister of Health March 1942. Minister of Justice in Suhaili's Cabinet of February 1943, but resigned in July owing to differences of opinion with his chief. Headed cultural missions to India 1944 and again in 1947. Delegate to United Nations Education Conference 1945. Minister without Portfolio June and September 1947 under Qavam-us-Saltaneh. Delegate to U.N.E.S.C.O. November 1947. Head of Persian delegation to Tashkent for centenary of poet Nava'i April 1948. Appointed Minister for Foreign Affairs under Sa'ad November 1948. Minister without Portfolio under Sa'ad January 1950 until he fell in March 1950. After his fall from office he continued his university work, and also served as president of the Persian U.N.E.S.C.O. Committee and on the Ancient Monuments Commission; and was taken up by Princess Shams.

The author of some literary works, he spends some time instructing students in Persian literature at the university. Most friendly and shrewder than he at first appears. He is eminently a professor and not a man of action, but he has considerable influence in his own circle.

Speaks both English and French but neither well, although he has translated some of Shakespeare's works into Persian.

72. Hikmat, Riza (Sardar Fakhir)

Born Shiraz about 1888. Cousin of Ali Asghar Hikmat. During the 1914-18 war was a determined enemy of Qavam-ul-Mulk and friendly with the Qashqais. Since that war settled down in Tehran and was employed in various Government appointments. Governor-General of Kirman 1940-41. Head of the Statistics and Civil Status Office 1942. Elected to the 14th Majlis 1944 for Shiraz. He still enjoys the support and friendship of the Qashqais. Appointed Governor-General, Kirman, June 1946. Is a member of Central Committee of Iran Democrat Party. Elected Deputy for Shiraz in 15th Majlis.

Elected President of Majlis October 1947. On the fall of Qavam in December 1947 was elected Prime Minister, but failed to form a Cabinet. Leader of the dissident group of Qavam's Democrat Party. Re-elected President of the Majlis April 1948 and again in October and April 1949. A member of the Regency Council during the Shah's visit to the United Kingdom July 1948. Elected to the Constituent Assembly from Shiraz April 1949. In July 1949 he founded the Socialist Party of Persia. Successful in first stage of Senate elections in Shiraz and Lar autumn 1949. Deputy for Shiraz in 16th Majlis and elected President of the Majlis February 1950, being re-elected in February 1951.

A corpulent and polite man. More intelligent than he appears. Has considerable influence in the Majlis. His chief failing is a love of gambling.

73. Hishmati, Abbas

Born circa 1895, a Qajar prince, the son of Sardar Hishmat. Educated in France; speaks French.

After serving for some time in the army he was elected to the 14th Majlis from Mahallat. In that Majlis he was a member of the Kazimi Party. Arrested by Qavam-us-Saltaneh in January 1947 and held until the elections in Mahallat were over—his bitter rival, Shahab Khusrau-vani, whom he defeated in the 14th Majlis, was elected. He was released after promising to co-operate with Qavam and was appointed Governor of Hamadan January 1947. In August of the same year was appointed Governor-General of Mazandaran where he remained until transferred to Kermanshah in February 1949. A Member of the

Constituent Assembly for Mahallat April 1949. Relieved of Governor-Generalship January 1950.

Governor-General of Isfahan, August 1950-April 1951, during this period he was accused by the independent Trades Union Federation (I.M.K.A.) of deliberately rigging the elections for workers' representatives on the Factory Councils in order to secure the appointment of I.S.K.I. candidates.

74. Humayunjah, Mohammad Ali

Born about 1888. A graduate of the Tehran School of Political Science. Judge of the Tribunal of the Ministry for Foreign Affairs 1922-25. Has held various clerical posts in the Ministry, culminating in that of head of the personnel section of the Ministry 1932-34. Sent as counsellor to Paris in 1935; a post to which he was singularly ill-fitted owing to his scanty knowledge of French.

For some obscure reason, said to be connected with seniority, was made Under-Secretary at the Ministry for Foreign Affairs in April 1942; in which post he maintains his reputation of benevolent and useless stupidity.

Promoted to personal rank of ambassador April 1946 and awarded Humayun Medal, First Class. Became Minister for Foreign Affairs under Qavam December 1946 and Minister without Portfolio in June 1947. Dropped in October 1947, subsequently appointed ambassador to Ankara. He left Tehran to take up his new post in June 1948 but left Ankara for medical treatment in Paris November 1948. Superseded as ambassador by Qasim Ghani in December 1948.

A corpulent individual showing few indications of intelligence; his appointment to a foreign post was looked upon as a very good joke in Tehran.

75. Huvansian, Ardashes

Born in Resht in 1905. Educated in the American school at Resht and in 1924 went to study at the Sociological College in Moscow. After his return from Moscow took up the cause of the workers and was imprisoned in 1928 and again from 1931 to 1941. Is said to have carried on underground activity from prison. One of the founder members of the Tudeh Party. Elected Deputy in the 14th Majlis for Armenians and Assyrians of Azerbaijan; his election was almost unanimous owing to Russian pressure. Gifted with a certain power of invective he writes occasionally for the Tudeh press and is a leading member of the Tudeh organising committee. Was on good terms with the autonomous "Government" of Azerbaijan. Speaks Turki, excellent Persian and Russian and some English, French and German.

Sentenced to death *in absentia* May 1949, following the attempt on the Shah's life in February 1949.

76. Ibtihaj, Abul-Hasan

Second son of Ibtihaj-ul-Mulk, and brother of Ghulam Husain Ibtihaj. Born at Resht about 1900. Interpreter to the British forces in Gilan towards the end of the war. Entered the service of the Imperial Bank of Persia at Resht about 1920. Did well there, and was transferred to Tehran 1925. Assistant to the chief inspector from then till he resigned in 1936.

Head of the Mortgage Bank 1939. Realised one of his ambitions when he became Governor of the National Bank of Iran in September 1942. In this capacity he has achieved much and has also been of considerable service to us in many ways. Was Persian representative in the negotiations in London leading to the conclusion of a financial agreement between the National Bank and the Bank of England in August 1947 and to its renewal in November 1948. He maintains very cordial relations with the British Treasury and the Bank of England.

He has a complex against the Imperial Bank, on whom he made an unsuccessful legal attack in 1936. In 1949 he did his best to make the bank's position

untenable. He took his defeat philosophically but will return to the charge if he can.

As a Persian financier he is unusual since he possesses intelligence, ability, energy and integrity. He is a sincere patriot and his financial theories and policy are largely dictated by his genuine desire to improve Persia's economic position. An avowed economic Nationalist but generally regarded as strongly pro-American.

He is inordinately vain, sensitive and hot-tempered and has made many enemies among his own countrymen. His unpopularity rose to its height in 1949 when his defiance of the business community threatened to precipitate a dangerous financial crisis. There is little doubt that much of his obstinacy and unreasonableness was due to ill-health.

His truculence and intransigence during 1949, however, lowered him in the Shah's opinion and earned for him a reputation of wishing to become "a financial dictator."

Ambassador to France, August 1950.

Married in 1926 Maryam, daughter of Taqi Nabavi (Muzazziz-ud-Daulah). No children. Both he and his wife have been much in the confidence of the Shah and Princess Ashraf.

77. Ibtihaj, Ghulam Husain

Born at Resht 1898. Eldest son of the late Ibtihaj-ul-Mulk, who was for years in charge of the Gilan estates of Fathullah Akbar. Educated at Resht and completed his studies at Beirut, and for a short time in France. Interpreter to the British Expeditionary Force 1918-20.

His father was assassinated by the Jangalis, and he, together with his family, fled to Tehran when the Bolsheviks occupied Gilan in 1920. Clerk in the Prime Minister's Office 1920-21. Secretary to the Governor of Gilan 1921-22. Transferred to the Ministry of Public Works and assistant to the American adviser, Colonel Morris 1922-28. Dismissed from that post, apparently for dishonesty. Joined the Ulen Company in 1929, when the latter had a contract to construct the railways in the south. Transferred to the Ministry for Foreign Affairs 1931; first secretary in London April 1932. First secretary in Cairo March 1933. Suspended by the Ministry shortly after, apparently for conduct in London when the d'Arcy Concession was cancelled. In 1934 Chief of Personnel at the Ministry of the Interior; and then director of the Tourist Department and chief of the Touring Club of Iran. Went to Moscow in September 1936 to arrange the transfer of the Russian tourist organisation "Intourist" to his organisation, newly named "Iran-tour." Assistant to the Chief of the Tehran Municipality October 1937, but returned to the Ministry of Interior in 1938. Director of Administrative Services in the Ministry August 1938. Acting Chief of Tehran Municipality July 1939.

Incurred Riza Shah's displeasure and was relieved of his charge of the Municipality in September 1940. He then joined "Iran-tour" and also served on the board of the Caspian Fisheries Mixed Administration. In 1942 divorced his Persian wife and married a Polish refugee. Appointed Mayor of Tehran in 1944. A supporter of Sayyid Zia he was actively opposed to all Tudeh Party influence in the Municipality. He thus incurred the hostility of all Left-wing elements and in December 1945 Hakimi (then Prime Minister) dismissed him as a gesture of conciliation. In 1946 he became managing director of Iranian Airways. Deputy for Bandar Pahlavi in the Constituent Assembly April 1949. Mayor of Tehran again November 1949, but resigned in February 1950 on taking up his duties as Deputy for Lahijan in 16th Majlis.

Author of a widely used guide book to Iran. Speaks English, French and Russian. Clever and resourceful but not to be trusted very far.

78. Ihtisham, Dr. Hissam-ud-Din

Born about 1910 of an Ardistan family. Studied in France where he obtained a commercial degree. Employed in the Ministry of Commerce and Industry. Delegate to the International Labour Conference September 1945. Accompanied Ali Amini on a commercial mission to India in October 1945. Director of the Foreign Trade Control Department March 1946. Member of the High Labour Council November 1946. Under-Secretary, Ministry of National Economy, October 1949 until July 1950.

Speaks French and English. Intelligent and helpful.

79. Imami, Dr. Hasan

Son of Abul Qasim, brother of the late Imam-i-Jum'eh of Tehran.

Born about 1912.

On the death of his father in 1947 he was appointed Imam-i-Jum'eh by the Shah, the old Imam's eldest son being unwilling to follow a religious calling.

Studied law in France and Switzerland.

He is a professor of law at the university and also practises as a solicitor and Commissioner for Oaths.

Although his upbringing and probably his present outlook are worldly he conducts himself with much decorum, wearing the regulation costume from which, however, his addiction to a Dunhill pipe somewhat detracts. He is nervous of foreign contacts but is ready to receive foreign visitors if discretion is observed. He is alleged to have conducted a thriving business in the acquisition of the title deeds to mortmain lands.

Elected to the Constituent Assembly for Tehran April 1949. Successful in first stage of Senate elections in Tehran October 1949.

Speaks French, Arabic and Turkish.

Was stabbed for no apparent reason, August 1950, and went to Switzerland for medical treatment. Returned, December 1950, and officiated at Shah's wedding, February 1951, after which he again went to Switzerland. Returned, May 1951.

80. Imami, Jamal-ud-Din

Born about 1900, son of the Imam Jum'eh of Khaniy. Educated in Belgium and speaks French.

Deputy in the 14th Majlis for Khaniy, which place had been represented by his brother, Javad, for several years. After at first supporting Ali Dashti, in 1946 he was encouraging the Adalat Party in Ahwaz and District. In May of that year he was arrested by Qavam-us-Saltaneh for intrigues against the State.

Under Hazhir in June 1948 he became Minister without Portfolio, charged with looking after the affairs of Azerbaijan. He continued as Minister without Portfolio under Sa'id November 1948. Resigned in October 1949 to stand for the 16th Majlis, to which he was elected from Tehran.

One of the most influential members of the Majlis Oil Commission, June 1950; it was he who drew up the oil nationalisation resolution. March 1951 (though without mentioning the word "industry" which was inserted by Makki). Venal.

81. Imami, Nizam-ud-Din

Brother of Jamal-ud-Din Imami. Married to a daughter of Vus'q-us-Saltaneh. Speaks English.

Served with the Anglo-Iranian Oil Company 1930-42.

Director-General, Transferred Lands Department, early 1945-September 1944. Head of Persian Trade Delegation to India October 1944. Persian Government representative with the A.I.O.C., London, June 1947. A member of the Persian Government delegation in the negotiations leading to the Supplemental Agreement with the A.I.O.C. February-July 1949. He has the appearance of an intriguer and is not trusted by the A.I.O.C.

82. Intizam, Abdullah

Born about 1897. Brother of Nasrullah Intizam. Entered the Ministry for Foreign Affairs in about 1921. In the Press Department 1933-35. Consul at Prague 1936. Chargé d'affaires at Berne 1938. Head of the Third Political Department of the Ministry for Foreign Affairs in April 1941. Secretary at Berne 1942. Appointed in 1947 to investigate Persian claims against Germany and sent to Stuttgart with the rank of consul-general. Also accredited to The Hague as Minister August 1949.

A pleasant and go-ahead person. Speaks English and French.

Appointed first Grand Master of Ceremonies at the Court and then Minister for Foreign Affairs by Ala, April 1951, but remained in Stuttgart, where he still is (June 1951).

83. Intizam, Nasrullah

Born about 1899. Son of the late Intizam-us-Saltaneh, and nephew of Hasan Ali Ghaffari. Educated in Tehran at the School of Political Science. Secretary at Paris 1926. Secretary at Warsaw 1927-32. Secretary to the Persian delegates to the League of Nations during the Anglo-Persian Oil Company dispute in 1933. Member of the Persian delegation to the World Economic Conference 1933. Secretary at London May 1933. Transferred to Washington 1934. Has also served in the Treaty Department of the Ministry for Foreign Affairs. First secretary at Berne 1936. "Délégué suppléant" at the League of Nations May 1938. Head of the Third Political Department, Ministry for Foreign Affairs (dealing *inter alia* with Great Britain), July 1938. Attended the Duke of Spoleto's wedding in Italy June 1939.

Master of Ceremonies at the Court in March 1941. Minister of Posts and Telegraphs in the reconstruction of Qavam-us-Saltaneh's Cabinet in February 1943, a post which he retained in the following Cabinet of Suhaili. Minister of Communications and subsequently of Foreign Affairs in Bayat's Cabinet of November 1944. Resigned in April 1944. Member of the Persian Delegation to San Francisco. Persian Delegate to Executive Commission of U.N.O. in London with rank of ambassador. Member of Persian Delegation to U.N.O. January 1946 and again in September. Persian representative on U.N.O. Palestine Commission June 1947. Now permanent Persian delegate at U.N.O.

Elected President of the General Assembly of the United Nations, 1950.

Quiet and attractive. Helpful and honest. Very intelligent. Speaks French and English.

84. Iqbal, Ali

Born in Meshed about 1895. Son of a well-known landowner of Khurasan, with property at Kashmir and elsewhere in the province. Deputy for Meshed in the 12th, 13th and 14th Majlises. Never in Government service, but well acquainted with Khurasan politics. Aspired to becoming the mutawalli-bashi of the Meshed shrine 1943, but did not succeed owing to the opposition of the Governor-General. An enemy of Suhaili, he was a professing supporter of Sayyid Zia-ud-Din when his fortunes were at their height.

Deputy for Kashmir in the 15th Majlis and successful in first stage of Senate elections there autumn 1949.

85. Iqbal, Dr. Manuchehr

Younger brother of Ali Iqbal. Born at Meshed about 1898. Educated at Tehran at the medical school, and then in France, where he qualified as a doctor and received a medal for research. Returned to Persia in 1939 and was employed for some time in the Ministry of Public Health. Under-Secretary of the Ministry 1943, he ran the technical side of the Ministry's work with success. Minister for Health

August 1944 (Sa'id's Cabinet). Enjoyed patronage of Qavam-us-Saltaneh. Minister for Health in Qavam's Cabinet February 1946. Minister for Education under Hazhir, June 1948. Minister for Health under Sa'id November 1948 and then Minister for the Interior March 1949. Transferred to Ministry of Roads, January 1950, and continued in that office under Mansur April 1950-June 1950. Governor-General, Azerbaijan, August 1950. Recalled, September 1951.

Married to a Frenchwoman. Ambitious, friendly and intelligent he has a pleasant personality and is said to be a good doctor. Although criticised for his handling of the elections to the 16th Majlis (written 1948-49) it was never suggested that he made money out of them, and his personal integrity is undoubted.

86. Isfandiari, Asadullah Yamin (Yamin-ul-Mamalik)

Son of the late Yamin-ul-Mamalik and a nephew of Hasan Isfandiari. Born in Tehran 1885. Educated in Tehran and Tiflis. Entered the service of the Ministry for Foreign Affairs in 1901; in 1908 had reached the rank of deputy chief of the Foreign Office Tribunal. Karguzar in Isfahan 1917. Governor of the Gulf Ports 1921-23. Consul-general at Baku 1924-29. Governor of Mazandaran 1930-32. Recalled from that post and under a cloud for some time. Director of the Tehran Telephone Company.

Deputy in the 13th, 14th and 15th Majlises for Babul, which he also represented in the Constituent Assembly April 1949. Elected Senator from Tehran, October 1949.

Is a director of most of the important companies of the capital, and finds time to look after the affairs of the Aero-Club as well. Has a typical capitalist and conservative outlook.

87. Isfandiari, Fathullah Nuri

Second son of Hasan Isfandiari (Muhtashim-us-Saltaneh). Born about 1895. Educated in Switzerland and France. Second secretary of the Persian Legation in London 1914-24. Assistant chief of the English Section at the Ministry for Foreign Affairs 1925. First secretary at Washington 1926-29. Counsellor at Paris 1929-30. Counsellor in London and chargé d'affaires 1930-31, and was in charge at the time of the Persian Exhibition. Chief of the Economics Section at the Ministry for Foreign Affairs 1932. Chargé d'affaires again in London March to December 1933. Head of the Treaty Department at the Ministry for Foreign Affairs 1934; served also in the Passport Section. For three months from the end of 1935 he was in Bagdad on a mission charged with negotiations over the frontier dispute, but achieved little. "Chef du protocole" May 1936 to December 1937. In charge of the Government-controlled "Iran" Insurance Company 1938. Appointed Persian Government representative with the Anglo-Iranian Oil Company 1942 in London. Minister to Polish Government in London January 1944. Returned to Persia 1945. Minister in Washington May 1947. Appointed Persian representative on International Bank June 1947. Returned to Persia after his two years' appointment and made a member of the Seven-Year Plan Council August 1949. Was head of the Persian Delegation to the Islamic Economic Conference at Karachi (1949).

Married to a Frenchwoman; speaks French and English. Conscientious and helpful; an excellent type of permanent official.

88. Isfandiari, Musa Nuri (Muvaffaq-us-Saltaneh)

Brother of Asadullah Yamin Isfandiari. Born in Tehran 1894. Educated in Tehran and Europe. Entered the service of the Ministry for Foreign Affairs in 1916. Secretary at Rome for some time. Chief of the Economic Section of the Ministry 1929,

Chief of the League of Nations Section 1932. Counsellor and chargé d'affaires at Paris 1933. Counsellor at Moscow in December 1933, and very soon afterwards transferred to Angora, where he was chargé d'affaires for some time. Head of the Consular Department March 1937. Director-General of Industry and Mines July 1937. Summarily relieved of that appointment in September owing to a muddle over the Chalus silk factory that was in reality due to his predecessor, Jahanbani. Administrative Director-General of the Ministry for Foreign Affairs December 1937. Minister, Bagdad, August 1938. Sent on a special mission to Berlin 1939. Left Berlin on rupture of relations in 1941, and returned to Bagdad as minister; recalled to Tehran, on the conclusion of five years' foreign service, in 1943. Though at first suspected of pro-German feelings, owing to his visit to Berlin, he behaved correctly on his second period of office in Bagdad. Minister of Agriculture in Suhaili's revised Cabinet of December 1943. Ambassador to Turkey 1945. Minister for Foreign Affairs under Qavam-us-Saltaneh September-December 1947 and again under Hakimi March 1948 and Hazhir June 1948. Ambassador to India January 1949.

Speaks French and Italian. Pleasant, married very early, and has a son who is a champion at lawn-tennis.

89. Iskandari, Abbas

Uncle of Iraj Iskandari and a Qajar prince. One of the founders of the Tudeh Party, but soon broke away to lead a dissident section. In 1942 became a director of Iran Insurance, in which he made money and went to Egypt 1943-45. Appointed Governor of Tehran in June 1946 and Governor-General a month later when Tehran was made an independent Ustan. Elected to the 15th Majlis for Hamadan. In August 1947 made a violent attack in the Majlis on Taqizadeh, the former ambassador in London. Repeatedly attacked Hakimi's Government in the first part of 1948 and was foremost in demanding a revision of the A.I.O.C.'s concession and the return of Bahrain to Persia. In January 1949 attacked Taqizadeh for signing the revised A.I.O.C. concession of 1933 and was thus largely responsible for the present agitation for a further revision.

Left Persia for Europe very soon after the attempt on the Shah's life on 4th February, 1949. Returned to Persia mid-1950.

He is something of a mystery man. Can almost certainly be identified with Soviet agent No. 16 mentioned in Agabekov's famous revelations. He is now rich, owning the greater part of Mibrabad aerodrome.

90. Iskandari, Iraj

Born 1900. Educated in France as a lawyer. In 1938 published a philosophical review which was nothing more than disguised Communist propaganda, and in that year was one of a group of young Communists imprisoned by Riza Shah. Member of the editorial board of *Rahbar*, the Tudeh Party organ, of which he owned the licence. On Tudeh Central Committee from August 1944 and secretary-general to the party. Owns large properties and is generally regarded as very wealthy. Deputy for Sari in the 14th Majlis and Minister of Commerce and Industry under Qavam-us-Saltaneh in August 1946—dropped in October of the same year. Replaced large numbers of non-Tudeh members of the Ministry with Tudeh sympathisers and members during his tenure of office. Went to France January 1947 and has not returned to Persia. "Persian delegate" to Partisans of Peace Conference in Paris April 1949. Condemned to death *in absentia* May 1949 for activities hostile to the constitutional monarchy and for separating part of Persia (Azerbaijan). Expelled from France and went to Prague, May 1951.

91. Isayeff, Ramon

A Caucasian Armenian born about 1895 and one of the biggest Armenian businessmen in Tehran. Has the reputation of being pro-Soviet although according to some people this is merely cover for his intense desire to realise an independent Armenia. He is, however, mistrusted by the majority of Armenians who have defeated his recurring attempts to have himself elected as their Majlis Deputy. He was a prime mover in the scheme for getting Armenian peasantry to return to Soviet Armenia in 1947 and in this connexion handled large sums of money subscribed by American Armenians. Is said to have made a great deal of money as a contractor to the Red army during the war. Is an able and resourceful financier. In his plans to increase his company holdings he has met with opposition because of his pro-Soviet reputation, but he has reserved a large interest in several important industrial and commercial enterprises and continues to extend and enlarge his business interests. He is also a considerable shareholder in Iranian Airways. He entertains lavishly and is evidently amply supplied with funds which, it is reported—especially among the Armenian community—may well emanate from the Soviet Embassy.

Although uncouth in appearance he is well-educated and speaks excellent Russian. In spite of his reputation as a crook he is kind-hearted and generous.

92. T'ibar, Dr. Abdul Husain

Born about 1910 and was partly educated in Germany. Married a German. In 1943 was head of the Technical and Construction Department in the Ministry of Commerce and Industry, a post in which he made large sums of money by the gilding of the Palais de Justice. Elected Deputy for Burujird in the 14th Majlis, and in April 1945 was a member of the Persian Delegation to the San Francisco Conference. Head of water department of Tehran Municipality October 1946. Deputy for Burujird in 15th Majlis. Since the end of the 15th Majlis has been engaged in business.

Speaks excellent German, good English and French. Industrious, intelligent and helpful.

93. Jahanbani, Amanullah, General (Sipahbud)

Born about 1890, son of the late Amanullah Mirza, Zin-ud-Daulah (a descendant of Fath Ali Shah), who committed suicide in the British Consulate in Tabriz, where he had taken refuge from the Russians in 1917.

Joined the Persian Cossack Artillery School in 1907 and then graduated in Russia where he served two years with the Imperial Guard.

Was made a general, and became Chief of the General Staff in 1922. He visited France and England in 1923. Although a Qajar prince, he favoured the change of dynasty in 1925.

Held various military commands with periodical falls from and restorations to royal favour. He was appointed Director-General of Industry in March 1935. Dismissed in July 1937. Reported in prison in Tehran in July 1939, and in poor health. Liberated 1941 and made Minister of the Interior in September. Minister of Roads and Communications December 1941. Minister of War March 1942 and employed in the autumn at court as a kind of *vide-de-camp* general to the Shah.

General Officer Commanding, Fars, September 1943. Commandant, Cadet College, 1946, until November when he went on a tour of training establishments in France and Belgium. On his return in February 1947 he was appointed to the sinecure post of Inspector to the Eastern Forces in the Ministry of War.

First vice-president of Russo-Persian Cultural Relations Society March 1945.

Retired from the army on being nominated Senator for Fars February 1950.

Speaks Russian and French fluently; has a Russian, as well as at least one Persian, wife. Has been very active for some years in encouraging sport, both in the army and in civilian clubs and visited Europe in connexion with this in 1949. One of his sons studied four years in the Soviet Union and was then forced to leave by the Russians before completing his studies.

94. Jam, Mahmud (Mudir-ul-Mulk)

Born about 1880. Has had a long career in the customs and other Government departments, and was, for more than ten years, Persian secretary to the French Legation in Tehran. Director of the Alimentation Service, Tehran, from 1916 to 1920, where he did good work. Appointed Minister for Foreign Affairs in the short-lived Cabinet of Sayyid Zia-ud-Din 1921. Acting Minister of Finance January 1922, and Minister of Finance October 1923 to August 1924. Appointed as assistant to Prime Minister, Sardar Sipah (Riza Shah), until the latter became provisional head of the State on 31st October, 1925, and then assistant to the two following Prime Ministers. Appointed Persian Minister to Brussels in 1926, but did not proceed. Appointed Governor of Kerman Province in September 1927, and Governor-General of Khurasan in April 1928. Recalled from Khurasan in December 1928 and appointed Minister of Public Works. Returned to Khurasan as Governor-General in August 1929. Appointed Minister of the Interior in Faruqi's Cabinet of 1933, and succeeded him as Prime Minister in December 1935. Headed the mission to Egypt on the Crown Prince's betrothal to Princess Fawzieh June-July 1938 and received the Order of Muhammad Ali from King Farouk. Minister of Court October 1939. Ambassador to Egypt 1941. Minister for War September-December 1947. Minister of Court January 1948. Accompanied the Shah to the United Kingdom July 1948, just after the announcement that he was to become Governor-General, Azerbaijan—an appointment he did not take up. Ambassador at Rome June 1949-July 1950.

An amiable and pleasant man who speaks French fluently.

95. Jazayiri, Dr. Shams-ud-Din

Born in Tehran 1905 of a family of Khuzistan Sayyids. Educated at Tehran University and Law School. Joined the Ministry of Education in 1925 and then in 1932 went to France whence he returned in 1938 having obtained his doctorate.

Director of Instruction in Ministry of Education 1938. Later transferred to Ministry of Finance and became head of Tobacco Monopoly in 1941. Adviser on Milkpaugh Price Stabilisation Committee 1943. *En disponibilité* August 1944. Legal Adviser, Ministry of Finance March 1946 and Legal Adviser Ministry of Labour 1946-48. Member of board of directors of Iran Insurance Company 1948. Member of the Council of the 7-Year Plan May 1949. Resigned August 1949.

Keenly interested in education, he worked closely with the education expert of Overseas Consultants Incorporated who spoke highly of him. Also has considerable knowledge of labour and social developments and assisted in preparation of Persian Labour Code.

Married in 1941 Mah Munir, daughter of Dr. Muaddab Nafisi. A charming and intelligent wife. Speaks French.

Minister of Education under Razmara, June 1950. Resigned, January 1951, after a public disagreement with Faruhat about the Supplemental Oil Agreement.

96. Kaia'i, Hasan

Son of the late Akhund Mullah Muhammad Kazaim, who was the chief mullah at Najaf. Managing director of the Khusravi Cotton Mill and Electricity Company in Meshed. A clever and unscrupulous businessman who has accumulated a large fortune during his four-year association with the Khusravi Company. Most unpopular.

His elder brother, Haji Mirza Annad, is the most influential and most respected mullah in Meshed. His nephew, Ja'far (son of the Haji) was elected from Turbat-i-Haidari to the 15th Majlis and to the Constituent Assembly April 1949.

He was himself elected to the Constituent Assembly from Meshed. He is a director of the Private Commercial Bank established in spring 1950.

97. Kaivan, Mas'ud

Born in Tehran 1886. Educated in Persia and at Saint-Cyr. Joined the gendarmerie in 1913 and rose to the rank of colonel. Minister of War under Sayyid Zia-ud-Din Tabataba'i after his *coup d'Etat* of 1921. After Riza Khan's *coup d'Etat* he joined the Ministry of Education and became a teacher in secondary schools and later at Tehran University, where his department is reputed (1950) to be the best run in the University. Was also professor of geography at the Military Academy. Minister of Education under Mansur April-June 1950. Head of Theological Faculty, March 1951.

98. Kaivan, Amir

Born 1917. Has lived most of his life at Isfahan in employment for sixteen years as an engineer in the power house of the Nur textile factory. With Shams Sadri was active in the formation of the first Isfahan trade union in 1943-44. The Tudeh movement attempted to absorb this union in 1945. Shams Sadri yielded without much struggle, but Kaivan organised resistance to Tudeh, as a result of which a personal attack was made on him and he lost the use of one eye. Then had to lie low until the Tudeh eclipse in the winter of 1946 when he revived his Isfahan union. In 1947 affiliated his union to the I.M.K.A. Federation, but later withdrew because of I.M.K.A.'s venture into politics. Again affiliated in 1949. In March 1948 claimed that his union had 6,000 industrial members and 12,000 agricultural members or sympathisers. By June 1949, because of strong opposition from employers, I.S.K.I., civil and military authorities, the number of active members had fallen to a few hundred enthusiasts. He is popular with his members and has considerable power over them. He denounces the dependence of trade unions on political parties and insists on the political independence of his organisation. In 1945 Kaivan attended the Paris Conference of the I.L.O. as workers' delegate. Violently anti-Russian and anti-Tudeh, for this reason has the friendship of certain religious leaders and Members of Parliament. The Isfahan employers are strongly opposed to him because of his obstinacy in pursuing the cause of the workers and his refusal to be bribed. A likeable person, who gives the impression of being genuinely devoted to the welfare of his fellow-workers. Speaks Persian only.

Elected a member of the High Labour Council in 1951 and subsequently appointed vice-chairman. In 1951 attended I.L.O. Conference as Workers' Adviser and also the Congress of I.C.F.T.U. at Milan as representative of the new T.U.C.; afterwards visited the United Kingdom.

99. Kambakhsh, Abdus-Samad

Born 1905, at Qazvin; his father, still alive in 1943, was Ain-ul-Mamalik, a Qajar prince and wealthy landowner at Qazvin. Entered Persian army about 1923; sent to Leningrad for training and became a

pilot there; also imbibed the doctrines of communism with enthusiasm. On return was active Communist and was known as the Persian representative on the Comintern. Sentenced to death by Riza Shah, but was pardoned and then imprisoned with fifty-three other Communists. Exiled in 1940 to Bandar Abbas; released on the fall of Riza in 1941.

Elected to the 14th Majlis for Qazvin, by help of the Soviet representative. Generally regarded as one of the more decent Tudeh members. He is believed to be dissatisfied with the complete subservience of his party to Soviet interests. Put in charge of the publicity of the Tudeh Party in August 1944. Married to a Persian related to the Kia family who acts as *accoucheuse* in Tehran.

Believed to have taken refuge at Soviet Summer Embassy after the attempt on the Shah February 1949. Sentenced to death *in absentia* May 1949, for acting against the Constitutional Monarchy. His wife was arrested and sentenced to three years' imprisonment.

100. Kashani (or Kashi), Sayyid Abul-Qasim

Born about 1888. Educated at Kerbela and lived there for many years as a mujtahid. Expelled by the Iraq Government in 1922 for non-co-operation with our policy in that country, and came back to Persia. Kept in the background during Riza Shah's reign, but on the latter's abdication in 1941 came back into prominence and achieved a certain popularity partly owing to his reputation as an opponent of Riza Shah. His anti-British bias, a legacy from 1922, led him into intrigues with German agents and in August 1943 he fled from Tehran to avoid arrest. He was arrested by British security authorities in June 1944 and confessed to having helped German agents. Released in August 1945. He nurses a bitter enmity towards the British. Arrested by Qavam-us-Sultaneh July 1946 and released in November.

In June 1948 he instigated demonstrations against Abdul Husain Hazhir after the latter had been elected Prime Minister. Arrested by military authorities after attempt on Shah's life, 4th February, 1949, and banished to Khurramabad, but later allowed to leave the country for the holy places of Syria, and spent some time in Beirut.

Successful in first stage of Senate elections in Tehran October 1949. Elected to the 16th Majlis from Tehran as a protégé of the National Front. Returned to Tehran, June 1950, and immediately became active with anti-A.I.O.C. agitation. Was associated with the Fida'yan-i-Islam at the time of the assassination of Razmara, March 1951, but they later broke away from him. Has never attended the Majlis.

Musaddiq owes much to the politico-religious support which Kashani has provided. As Kashani and his sons are venal they could be detached from Musaddiq by any rival who was prepared to pay enough; but the price would be high as they have established a lucrative system of patronage under the Musaddiq Government.

101. Kazimi, Baqir (Muazzib-ud-Daulah)

Born about 1887. Educated in the School of Political Science in Tehran. Began his career in the Ministry for Foreign Affairs, being first attached to the Russian section, and later employed in the Cabinet of the Ministry. Appointed Chief of Cabinet in 1921. Appointed counsellor to the Persian Legation in Washington in 1925. Sent to Iraq to inspect Persian consulates in 1928. Later in the same year appointed counsellor to the Persian Legation in Kabul, but could only proceed as far as Herat, where he remained as Persian Consul-General. Appointed Under-Secretary to the Ministry of Roads and Communications in 1930, and Acting Minister in 1931.

Appointed substantive Minister of Roads and Communications in May 1931, but had to resign in February 1932, owing, it is said, to being unable to build roads fast enough for His Majesty the ex-Shah. He was subsequently appointed Persian Minister in Bagdad, towards the end of 1932. Appointed Minister for Foreign Affairs in Furughi's Cabinet of September 1933.

Went on official visits to Afghanistan and India November-December 1935, and was the guest of the Viceroy (Lord Willingdon) at Delhi. Resigned March 1936, and unemployed until appointed Governor-General of Eastern Azerbaijan April 1937. Ambassador, Kabul, July 1938. Ambassador, Angora, October 1939.

Minister of Public Health December 1941 to March 1942. Then Minister of Finance in Qavam-us-Saltaneh's Cabinet of August 1942, but resigned before its fall in circumstances which did him little credit. Appointed to Angora as ambassador in May 1943, but did not proceed; the Turks appear to like him as little as the Iraqis, who have not forgotten how he opposed them in the dispute concerning the Shatt-al-Arab waters. Minister of Education in Sa'idi's reshuffled Cabinet of August 1944. Delegate to U.N.O. January 1946. Minister to Denmark, Norway and Sweden April 1946.

In January 1948 he was offered, and is reported to have accepted, the post of Minister for Foreign Affairs in Hakim's Cabinet but he remained in Stockholm. Presented his credentials as minister to Finland also February 1949. Nominated Senator for Tehran February 1950 but did not return to Persia until September 1950 when he allied himself to the National Front and bitterly opposed Razmara. Minister for Foreign Affairs under Musaddiq, May 1951, it is said as nominee of Kuchani, with whom he is very friendly.

Stupid and obstructive.

102. Khajeh-Nuri, Ghulam Ali (Nizam-us-Sultan)

Son of Amir Nuri (Nizam-ud-Dauleh). Member of the Protocol Department of the Ministry for Foreign Affairs for several years, with an interval as secretary at the legation in Rome in 1935. Visited London in September 1937 on business connected with the printing of bank-notes for the Persian Government and commissions for the Royal palace. Chief Inspector in the Ministry for Foreign Affairs 1946. Head of Protocol Department 1949.

Educated partly in Russia, where he learnt ballet-dancing. Speaks French and Russian. Though of decadent appearance, he is helpful and friendly. Aided by his cultivated and charming wife, who is a daughter of Dr. Ali Asghar Nafisi, he is hospitable and popular with the Diplomatic Corps.

Has done various services for the Court after the fall of Riza Shah.

He prefers to be known as Nizam Khajeh-Nuri.

103. Khajeh-Nuri, Ibrahim

Legal Adviser to the Tehran Chamber of Commerce. Born about 1905. Member and Secretary of the Adalat Party from 1942. Unsuccessful candidate for the Tehran elections in 1944. Director-General of the Publications and Propaganda Department in 1944 and again in 1947, when he also held the office of Under-Secretary to the Prime Minister. Elected Senator from Tehran October 1949.

A well-known and popular writer, his best-known work being "Bazigaran-i-Asr-i-Tala'i," a series of twelve biographies of outstanding personalities in Riza Shah's reign. For some years he has produced a fortnightly Newsletter called *Khajeh-Nuri Letter*. As a historian he is most readable but not very accurate. In politics he is an idealist of strongly pro-British tendencies.

104. Khusrauvani, Ahmad, Major-General (Sarlashgar)

Born about 1896. Attended the Military School at Saint-Cyr.

Was in temporary command of the air force in 1931 during the occasions when General Ahmad Nakhjivan was suspended, and again in 1937 when General Nakhjivan was appointed assistant to the Minister of War. Promoted brigadier (Sartip) and placed in command of the air force 1939. Officer Commanding Troops, Tabriz, 1942 but returned to be head of the air force at the end of 1944, after he had been expelled by the Russians from Azerbaijan. Served as a member of the Interrogation Committee examining the cases of Persians interned by the Allied Forces on a charge of complicity in German fifth column schemes.

Head of the Transport Directorate, Ministry of War, 1946. Promoted Sarlashgar, March 1947. Deputy Chief of the General Staff 1947. While still holding this appointment he was made Military Governor of Tehran on imposition of martial law after the attempted assassination of the Shah, February 1949, and again after the assassination of Hahzir.

Believed to be untrustworthy and not particularly intelligent. Was fairly efficient as Military Commander of Tehran. Has an unsavoury reputation in financial affairs. More recently has appeared quite friendly. Speaks French but very little English.

105. Kishavarz, Faridun, Dr.

Born in 1906. Partly educated in France as a doctor of medicine and formerly practised at Pahlavi. Then ran a large and prosperous children's clinic in Tehran. In 1944 became one of the leading members of the Tudeh Party, of which he is a member of the Central Committee, and since then has been responsible in large measure for the organisation of the party. Editor of the Tudeh newspaper *Razm*. Tudeh Deputy for Pahlavi in the 14th Majlis. In December 1945 was invited by the Soviet Government to attend ceremonies held in Tashkent on the 20th anniversary of the foundation of the Central Asian Middle East College. Minister for Education under Qavam-us-Saltaneh in August 1946, but was dropped in the Cabinet reshuffle of October of the same year. During his tenure of office he succeeded in filling many important posts in the Ministry with Tudeh members and sympathisers.

After the attempt on the Shah's life of 4th February, 1949, he was reported to have taken refuge in the Russian Embassy. Sentenced to death *in absentia* May 1949 for actions hostile to the constitutional monarchy.

Completely unscrupulous and reported to be a perfect tool for the Russians. An accomplished public speaker.

106. Kupal, Sadiq, Major-General (Sarlashgar)

Born in Tabriz about 1890. Educated in Persia and Constantinople. Originally an artillery officer, but joined the gendarmerie in 1911. Was with the Turks when they approached Hamadan in 1916. (Has the Gallipoli star.) Went to Angora on a congratulatory mission in 1922 and remained there as military attaché till 1924. On the staff of the General Officer Commanding, North-West Division, in 1924. Chief of Police in 1929. In temporary command of the air force in 1931. Liaison officer with the Iraq forces in the operations against Jaafar Sultan 1931-32. Head of the Conscription Department 1934. Accompanied the Shah on his journey to Turkey in 1934.

Governor of Riza'iyeh in 1941, but retired thence in a great hurry when the town was threatened with insurrection by Kurds and Assyrians in March 1942. Suspected of complicity in the Zahidi plots. Very intimate with the Turkish Ambassador 1943. Arrested

at the instance of the Allied security authorities September 1943, released May 1945. Director of Military Tribunal, Tehran, February 1946. June 1946 promoted Sarlashgar. August 1946, in charge of the committee investigating the general strike in Abadan. Appointed Chief of Gendarmerie 1947 until relieved by Razmara, June 1950.

Energetic and loquacious. Has a Turkish wife. Neither studious nor professionally ambitious. Shows some interest in horse racing.

He is considered by the American Mission with the gendarmerie to be honest and sincere.

Has a heavy bovine appearance and is addicted to opium smoking. Speaks French and Turkish. Lately has displayed considerable cordiality towards British.

107. Korus, Isa (Esau)

Born about 1896. A commissioned officer in the South Persian Rifles during the 1914-18 war. For many years a leading and reputable merchant of Tehran, representative of Imperial Chemical Industries, Metropolitan Vickers, and many other important British firms. Has a branch in London, and his wife and children are in England (1949). Speaks excellent English and is well disposed towards us. Patriotic and of strict integrity. Fell into disgrace under Riza Shah through no fault of his own. Stood for the Majlis for Tehran 1943 without success. Vice-President of Tehran Chamber of Commerce since October 1942. Member of Tehran Municipal Council 1943. Member of board of directors of Iranian Airways 1946.

One of the wealthiest merchants in Tehran.

108. Lankarani, Shaikh Husain

Born about 1890 in Soviet Azerbaijan. Elected Deputy for Ardabil in the 14th Majlis. Owed election to Soviet intervention. Without Russian backing would have no influence. Noted Tehran intriguer, mob orator and trouble-maker. In 1943-44 was employed by the Shah to stir up trouble against Sayyid Zia-ud-Din. A typical Akhund, venal and double-faced. Qavam arrested him July 1945, but released him in December.

Arrested in March 1948, together with his three brothers, in connexion with the murder of the journalist Muhammad Mas'ud. Subsequently released. Again arrested with his brothers after the attempted assassination of the Shah 4th February, 1949, but again later released.

His brothers, Ahmad, Murtiza and Mustafa, are associated with the Tudeh cover-organisations (Partisans of Peace and Society for the Struggle against Imperialist Oil Companies).

109. Makki, Husain

Born c. 1915. Basic education in Tehran. Did his military service in the air force and rose to rank of sergeant but was discharged on charges of stealing technical equipment.

Assistant to Malik-ush-Shuara in his researches into Persian political history, 1941. Subsequently wrote or edited a few books on this subject himself. Deputy Mayor of Tehran, 1946. Director-General of Developments and Improvements, Ministry of Labour, 1947. Elected to the 15th Majlis from Arak and to the 16th from Tehran, where he came third (out of twelve Deputies). Secretary-General of the National Front and special protégé of Dr. Musaddiq. Talked out the Supplemental Oil Agreement in a four-day speech mostly written by Engineer Hasibi, July 1949. Rapporteur of the Majlis Oil Commission, June 1950, and of the Mixed Oil Commission, May 1951. One of the three-man delegation from the Mixed Commission to supervise take-over of A.I.O.C. in Khuzistan, June 1951.

A loud-mouthed man with no ideas of his own; extremist and irresponsible. An unprincipled adventurer.

110. Mansur (Rajah) Ali, C.B.E. (Mansur-ul-Mulk)

Born about 1888. Educated in the School of Political Science at Tehran. Began his career in the Ministry for Foreign Affairs, and was employed in the English section. He subsequently transferred to the Tribunal section, where he rose to be Director of the Civil Court. Appointed Director of the English section in 1917. Appointed Under-Secretary of the Ministry for Foreign Affairs in 1919, and Under-Secretary at the Ministry of the Interior in 1920. Created C.B.E. 1920. Appointed Governor-General of Azerbaijan in April 1927, and held that post until January 1931, when he was made Minister of the Interior. Transferred to the post of Minister of Roads and Communications in January 1933. Arrested in January 1936 on charges of misappropriation and incompetence. Acquitted August 1936. Rehabilitated as Minister of Industry and Mines August 1938. Selected by Riza Shah for the post of Prime Minister June 1940, it was to him that the joint Russo-British ultimatum was delivered on 25th August, 1941. As the result of the subsequent events he resigned in September 1941. Governor-General of Khurasan February 1942, in which post he showed some energy in collecting wheat, though his administration of the funds of the shrine laid him open to various accusations of embezzlement. Recalled from Khurasan in the autumn of 1945. Governor-General, Azerbaijan, December 1946-July 1948.

Elected to the Constituent Assembly from Tehran April 1949. President of the Council of the 7-Year Plan May 1949.

Prime Minister March-June 1950. Ambassador at Rome July 1950. A clever man, addicted to money. Speaks French.

111. Mas'ud, Akbar (Sarim-ud-Dauleh)

Born 1885. Eighth, and second surviving, son of Mas'ud Mirza Zill-us-Sultan, son of Nasir-ud-Din Shah. Was early recognised as one of the most intelligent of the Zill's fourteen sons, and now has succeeded to the major part of his father's inheritance. Minister of Public Works and Commerce 1915. Minister for Foreign Affairs 1916. Governor of Isfahan in 1917. Minister of Finance in Vusug-ud-Dauleh's Cabinet of 1919; one of the triumvirate who arranged the abortive Anglo-Persian Treaty of 1920; Governor of Keermanshah and Hamadan in November 1920. Governor-General of Pers 1922-23, and again in 1929. Arrested shortly after the fall of Firuz Mirza in 1929, and kept under surveillance near Tehran for several months. Thereafter lived quietly in Tehran till 1932, when he was allowed to return to his vast properties in and around Isfahan.

Killed his own mother at his father's instigation on a point of honour in 1906. He seems to have lived down the odium of this deed. Has been several times to Europe and has visited England. Speaks English and French fluently and is pleasant-mannered, clever and intelligent. The two-fold stigma of being pro-British and a Qajar prevented him coming back to power during the régime of Riza Shah. At the fall of Riza Shah he at first continued aloof from public affairs, though he kept in touch with what was going on. He has now become the unofficial controller of almost everything in Isfahan, displaying commendable initiative in supporting such improvement projects as the Kuhrang tunnel and the thermal power station in Isfahan. He takes a great pride in his model village at Asgharabad, near Isfahan, and may very easily have a part to play in shaping Persia's future in the next few years. Has one surviving son and two daughters. A famous hunter.

Is on good terms with the present Royal Family and accommodates members of it when they visit

Isfahan. (He was the twenty-fourth person to see the Shah after the *attentat* and gave a large sum of money to the Imperial Social Services as a thanksgiving for the Shah's deliverance.)

Headed the poll from Isfahan in the elections to the Constituent Assembly April 1949. Successful in first stage of Senate elections in Isfahan and in Faridun autumn 1949.

112. Mas'udi, Abbas

Born in 1895 in Tehran. Educated in Tehran, and for a year in France. A journalist by profession and by nature. Proprietor with his brother, Jamal Mas'udi, of one of the two principal vernacular daily papers in Tehran (the *Itihaf*) and of the French daily paper *Journal de Téhéran*. He accompanied the present Shah, when Crown Prince, to Iraq, Syria and Egypt on his wedding tour as press representative, and kept the Tehran press supplied with a stream of accounts of the Prince's doings, in that quasi-religious style that alone was permitted to Persians when speaking of their monarchy. A Deputy in the 11th, 12th, 13th and 14th Majlis.

In the 13th Majlis came out strongly in opposition to Qavam-us-Saltaneh, being severely beaten by some of his opponents in the riots of the 8th December, 1942. Visited Palestine and Egypt in May-June 1943. Appointed Director of Iran Airways December 1944. Visited United States in April 1945, as one of several representatives of the Tehran press invited by the American Government. Covered the U.N.O. meetings in London in early 1946 as unofficial representative of the Persian press. Returned from America August 1947 and took over direction of *Itihaf*.

Elected to 15th Majlis for Tehran which he also represented in Constituent Assembly April 1949. Elected Senator for Tehran October 1949.

113. Marín-Daftari, Dr. Ahmad

Born in Tehran 1898. A nephew of Dr. Musaddiq, whose daughter he has married. Educated in Tehran, partly at the American College. Entered the Ministry for Foreign Affairs in 1918. Persian secretary to the German Legation in Tehran 1920-23. Returned to the Ministry for Foreign Affairs 1923-27. Joined the Ministry of Justice in 1927 and appointed Attorney-General of the Court of Appeal. Sent to Europe by the Ministry of Justice in 1929 to take up an advanced course of law, during which he studied in Germany, and for a time was sworn in as a judge in a German court. Obtained a degree as doctor of law. Returned to Persia 1931. Director-General of the Ministry of Justice 1932. Acting Minister of Justice when Davar was away at Geneva in 1933. Under-Secretary at the Ministry of Justice 1934. Represented Persia at the International Law Conference held in Berlin in 1935. Minister of Justice 1936. Member of the mission to Egypt for the Crown Prince's marriage February-April 1939. Prime Minister October 1939.

Appeared pro-German in various negotiations while Prime Minister and was forced by Riza Shah to resign in June 1940 but in this may well have been scapegoat for the Shah. In 1943 was evidently hoping to re-enter the political arena. Arrested as a suspect June 1943 but soon released. Minister without Portfolio in Qavam's Cabinet February 1946.

Stood, unsuccessfully, as candidate for Tehran in elections for 15th Majlis, but was elected from Khiav. An active member of the Opposition which defeated Qavam-us-Saltaneh in December 1948. Elected Senator from Tehran October 1949.

Was visiting Pakistan in his official capacity of President of the Persian United Nations Association when the oil resolution was voted, March 1951. Member of the Mixed Oil Commission, May 1951, and of three-man delegation to supervise the take-

over of the A.I.O.C., June 1951. Seems to have exercised something of a restraining influence.

Speaks French and German, and a little English; he has travelled in England, where his daughter is at present at school. A very hard-working and conscientious official, always very helpful when approached. A good speaker, with a thorough knowledge of local legal administration.

114. Mibah-Fatimi, Ali Naqi

Born about 1898. Related to Imad-us-Saltaneh (Mihdi Fatimi) of the well-known Isfahan family, though not related (he says) to Saifpur Fatimi and his brothers. Has had a career under the Ministry of the Interior, in various posts and inspection duties. Vice-Governor of Isfahan 1925. Governor-General of Khuzistan in 1940 and again in 1943. Replaced August 1949.

Speaks English and French. Got on well with the authorities of the Anglo-Iranian Oil Company with whom he co-operated satisfactorily during the labour troubles of the summer of 1946.

115. Mibahzadeh, Dr. Mustafa

Owner of the newspaper *Kaihan*. Head of Press and Propaganda Department June 1943. He was the Shah's candidate for Bandar Abbas in the 14th Majlis elections but was not successful. He was, however, elected from that constituency to the 15th Majlis and also represented it in the Constituent Assembly April 1949. Now represents it in the 16th Majlis.

Went to the United States in November 1949 to cover the Shah's visit for *Kaihan*.

Speaks English and French.

116. Mir'azid, Mir'ad

Born about 1890. Educated in the School of Political Science at Tehran. Entered the service of the Ministry for Foreign Affairs, and served in certain Russian posts, also Trebizond. A personal friend of Baqir Kazimi, who, when Minister for Foreign Affairs in 1934, appointed Mir'azid head of the second political section of the Ministry which deals with Russia. Consul-General at Herat in 1937. Head of the Consular Department of the Ministry for Foreign Affairs November 1937. Counsellor, Angora, November 1938.

Returned to Ministry for Foreign Affairs about 1940 and in 1941 became the head of the Consular and Passport Department.

Persian Government representative at Beirut January 1944 with the rank of minister plenipotentiary. Withdrawn end of 1946. Appointed Director-General, Ministry for Foreign Affairs, March 1948. Joined Sardar Fakhir's Socialist Party in July 1949 and stood unsuccessfully for the Senate in Tehran. Ambassador to Karachi June 1950.

A somewhat dried-up individual. Speaks Russian and French.

117. Mufakkbam, Dr. Jamshid

Born c. 1910. Educated in Paris. Speaks English and French.

Head of the School of Arts and Crafts, autumn 1943. Director-General of Ministry of Commerce and Industry (later known as Ministry of National Economy), December 1946. Under-Secretary and Acting Minister of National Economy under Ala. March-April 1951. Appointed High Inspector when Musaddiq put in Zirakzadeh as Under-Secretary May 1951.

A sensible man, honest and conscientious, genuinely friendly towards us. Did good work on the Islamic Economic Conferences, both in Karachi, November 1949, and Tehran, October, 1950.

118. Muqaddam, Hasan, Major-General (Surashigar)

Born about 1890. Commanded at Mahabad in 1929. General Officer Commanding, North-West Division, December 1929. General Officer Commanding, Kurdistan Division, at Senuh 1936. When in Kurdistan had a reputation for efficiency and energy. Was the undisputed ruler of the Province of Kurdistan from 1938 to 1941. General Officer in command of the troops in the West when the Russo-British invasion took place in 1941, and after handing over to the invading forces retired to Tehran.

Being an old friend of Riza Shah he was retained in the army and in June 1942 was made Governor-General of Azerbaijan till August 1943. Ministry of War Inspector, June 1945, but retired in 1948. Successful in first stage of Senate elections in Maragheh. Military Governor, Tehran, for period of Martial Law from 16th July, 1951.

Muqaddam gives the impression of being a clever though cautious old soldier, unable to resist the temptation to make money whenever possible. His daughter is married to Riza Qavam, son of Qavam-ul-Mulk.

119. Muqbil, Ahmad

Appointed Under-Secretary at Ministry of Finance in February 1944 but resigned in September 1944. A member of the Supreme Economic Council April 1945, and in August 1945 was sent to United Kingdom, France and United States to study economic and financial affairs. Minister of Agriculture under Sa'ad November 1948-November 1949. Member of 7-year Plan Council April 1950. Went to United States, November 1950, as one of three-man delegation to sign the \$25 million Exim Bank loan. Still there and as a result appears to have lost his seat on the Plan Council.

Quiet and friendly. Not a prepossessing personality and lacks drive. Is co-operative, and B.M.E.O. advisers have found him helpful. Both he and his Polish wife know little English but speak fluent French.

120. Musaddiq, Dr. Muhammad (Musaddiq-us-Saltaneh)

Born about 1885; a nephew of Farman Farma. Has studied law in Paris to a certain extent and poses as a jurist. Appointed Governor-General of Fars in 1920. Appointed Minister of Finance in June 1921, and sought and obtained authority from Parliament to purge and reform that Ministry. However, during his six months' tenure of that portfolio he destroyed indiscriminately the good with the bad, and at the end the organisation was worse than before, as he proved himself entirely incapable of making reforms. Appointed Governor-General of Azerbaijan in 1922, and in 1923 became Minister for Foreign Affairs for a period of four months. Elected Deputy to the 4th, 5th and 6th terms of the Majlis from Tehran. Owing to his opposition to the Government in the 6th term, steps were taken to prevent his election to the 7th Majlis.

Imprisoned and otherwise ill-treated by Riza Shah, he spent the last few years of Riza's reign in a village near Tehran. Headed the poll in the Tehran elections in 1944. Tried unsuccessfully to unseat Sayyid Zia.

Sponsored the Oil Law of December 1944 prohibiting the grant of any oil concession until after the departure of all foreign troops from Persia. Made a determined effort to be re-elected to 15th Majlis but, though he obtained a large number of votes, was defeated by the candidates of the Iran Democrat Party.

Headed the poll in the first stage of the Senate elections in Tehran October 1949, but was not elected in the second stage. Led a deputation of twenty "National Front" supporters, who took "bast" in

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the Shah's Palace for five days in October 1949 as a protest against the conduct of the 16th Majlis elections. Headed the poll in both the initial Tehran 16th Majlis elections and the re-held ones in February 1950; with him were elected seven other members of his National Front.

Chairman of Majlis Oil Commission, June 1950. Submitted proposal for nationalisation of oil industry, February 1951. Forced the Oil Commission to approve a general resolution in favour of oil nationalisation the day after Razmara's assassination, 8th March, 1951. A demoralised and intimidated Majlis and Senate approved the resolution unanimously and when Ala refused to accept the nine-article Bill drawn up by the Oil Commission voted in favour of Musaddiq becoming Prime Minister, which he agreed to do on condition that they first approved the nine-article Bill. He presented his Cabinet to the Shah on 2nd May, 1951, the same day as the Shah promulgated the nine-article Law.

A clever political manipulator and demagogue. He has worked on Persian xenophobia to make himself something of a national hero and by skilful use of intimidation has secured the mastery of the 16th Majlis. He has, and admits that he has, no positive programme for the betterment of his country. Opposed to any interference by the Shah in the conduct of Government business and to the Shah's recently acquired prerogative of dissolving the two Chambers.

121. Musavizadeh, Ali Akbar

President of Provincial High Court of Ustans 1 and 2 in May 1942. Was suspected of pro-Axis activities in World War II and was interned by the British and released in July 1945. Was not a prominent fifth columnist and is said, by the Minister of War, to bear the British no ill-will for having been interned. Member of delegation under Muzaffar Firuz which went to Tabriz in 1946 to announce agreement between Central Government and Democrats. Member of Qavam-us-Saltaneh's Democrat Party of Iran 1945. Member of Elections Supervisory Council 1945. Appointed Governor-General of Tehran in October 1946, but did not take up the appointment owing to his inclusion in Qavam-us-Saltaneh's Cabinet of October 1946 as Minister of Justice.

Dropped from Cabinet in June 1947 and appointed Governor-General of Tehran. Relieved of this appointment in January 1948.

122. Mushar, Yusuf

Born c. 1885. "Chef de Cabinet" to Sayyid Zia-ud-Din at the time of his *coup d'Etat* 1920. During the early part of Riza Shah's reign he was once Minister of Education and also a Deputy. Then removed from office and retired to his lands near Lahijan, where he cultivated tea. Resumed political activities after occupation of 1941 and became closely associated with Sayyid Zia. Minister of Posts, Telegraphs and Telephones under Sa'ad, August 1944.

Contributed newspaper articles to *Bakhtar* and *Sinneh*. Joined National Front on its formation and in October 1949 took "bast" with Dr. Musaddiq in the Palace in protest against the conduct of the 16th Majlis elections. Minister of Posts, Telegraphs and Telephones under Musaddiq, May 1951.

An old man who enjoys no particular political standing now.

123. Mushavir, Dr. Farullah

Formerly an inspector in the Agricultural Bank, he has been associated with the Planning Organisation since its inception and became a foundation member

of the Council of the 7-Year Plan May 1949. Resigned August 1949.

Said to be capable and intelligent. Speaks French fluently, and English.

124. Mu'tamid, Ali

Born about 1897. Entered the service of the Ministry for Foreign Affairs about 1919. Served abroad as secretary at various posts; chargé d'affaires at Rome in 1933. Head of the Third Political Department of the Ministry (which dealt with British affairs) in 1934 and 1935. Transferred to direct the First Political Department June 1936. Hard-working and intelligent; a good type of the younger school, who showed himself reasonable and conscientious in dealing with our affairs in the Ministry. Head of the Department of Registration of Land and Documents under the Ministry of Justice March 1938. When the Minister of Justice (Marin-Daftari) was made Prime Minister in October 1939, he took Mu'tamid with him as Private Secretary.

Married the sister of Ghulam Ali Khajeh-Nuri. Private Secretary to the Prime Minister in Suhaili's Cabinet of 1942, and became Minister of Posts and Telegraphs for a few days at the end of Qavam-us-Saltaneh's Cabinet February 1943. Was also in charge of the Road Transport Board in 1942 and 1943. Appointed Consul-General at Delhi July 1943. Member of Advisory Council of Anglo-Persian Institute 1943.

Became first Persian Ambassador to India 1947. Appointed to Hakimi's Cabinet as Minister of Roads and Communications January 1948 but did not accept office. Also refused Hahiri's offer of office June 1948. Resigned his ambassadorship in November 1948 as a protest against conditions in Persia. Since then he has lived in retirement at a village near Tehran.

Honest. Speaks French, Italian and a little English.

125. Nabavi, Taqi (Muazziz-ud-Dauleh)

Born in Tehran 1882. Joined the Ministry for Foreign Affairs in 1899. Consul at Batum 1908. Consul at Ashkabad 1910. Karguzar (Government agent) at Meshed in 1912. Consul-general at Tiflis 1919-21. Has served as consul-general in India. Minister for Foreign Affairs for two months in Sayyid Zia's Cabinet of 1921. Consul-general in Syria 1930. Minister in Iraq 1931-32. Appointed president of the Iran-Soviet Caspian Sea Fisheries Company 1935. Minister at Brussels August 1937. Recalled August 1938.

Head of the Caspian Fisheries Board again 1940. A difficult post which he seemed to occupy with some success, as he knows Russians well and was often able to frustrate, by a little diplomacy, the Russian plans to gain complete control of that undertaking. Appointed minister at Lisbon October 1944, but did not proceed as the plans to open a legation there fell through. In November 1946 left the Caspian Fisheries to become minister at Prague. Replaced February 1951.

A corpulent little man, speaking French, Russian and English. Was well in with Taimurtash, but survived the latter's fall. Suspected of making irregular use of customs privilege while employed abroad. Quite a well-disposed person, though not exceedingly intelligent.

126. Nabik, Fazlullah

Born 1895.

Chargé d'Affaires in London, end of 1937 to early 1941. Head of Confidential Office of Ministry for Foreign Affairs, July 1943. Head of Third Political Department, February 1944. Administrative member of delegation to San Francisco, April 1945, and to the United Nations, December 1945. Delegate to the United Nations, September 1947. Minister at

Warsaw, 1948. Transferred to Stockholm, September 1950. Returned to Persia and appointed Under-Secretary at Ministry for Foreign Affairs, April 1951, in which post he has done his best to be helpful in adverse circumstances.

Speaks French and some English.

127. Nafai, Habib

Born about 1909. Son of Dr. Mu'adib-ud-Dauleh. Educated Toulouse University and Paris, qualifying as an engineer. Completed practical training in the United States (three years), Czechoslovakia and Germany. On return to Persia was employed as a technical expert in the administration and management of State factories and was for a time director of the Tehran Small Arms Factory. Then employed as Director-General in the Ministry of Industry and Commerce where he became increasingly interested in social problems and employment conditions. He drafted the first Persian Labour Law approved by the Council of Ministers in May 1946. Was appointed Under-Secretary of the newly-formed Ministry of Labour and Propaganda, to which labour functions previously performed by Ministry of Industry and Commerce were transferred in May 1946. In 1947 succeeded in separating propaganda functions from Ministry of Labour. It was almost entirely due to his enthusiastic and insistent efforts that the Labour Law was finally approved by formal vote of the 15th Majlis in June 1949. Replaced during Razmara régime but was reappointed Under-Secretary and Acting Minister of Labour under Ala. March 1951. Has remained Under-Secretary under Musaddiq.

He shows a wide interest in social services, whether or not within the official scope of his Ministry: in 1948 he established an experimental trade training centre in Tehran, he works hard for the Royal Organisation for Social Services, and he has inspired an embryonic co-operative movement in Persia.

He has paid numerous visits to Europe, to London in 1945 to study the organisation of the British Ministry of Labour and National Service, and to International Labour Organisation Conferences in Paris (1945), Geneva (1947), Geneva (1949). A great admirer of British achievements in social and labour spheres, and pro-British in so far as this does not conflict with his strong nationalism. Extremely hard working, conscientious and apparently honest—by Persian standards he is a poor man. Through his late father who was in charge of the Shah's education, and his second wife who was a lady-in-waiting to Princess Ashraf, Nafai has close contact with the Royal Family.

His first wife, by whom he has a son born about 1942 and now at school in Switzerland, was drowned at Geneva in 1947. In 1948 he married the niece of Mustafa Adi (Mansur-us-Saltaneh).

Speaks fluent French and English.

128. Nafisi, Hasan (Musharraf-ud-Dauleh)

Third son of the late Dr. Nuzim-ul-Atibba. Born in Tehran 1896. Educated in Persia and went to France in 1909, where he graduated from the Lycée Henri IV. Returned to Persia in 1914 and joined the Ministry of Finance. On the staff of that Ministry till 1921, when he was appointed Director of the Inspection Department of the Tehran Municipality. Left for France in 1922, where he studied law for two years. Obtained the degree of doctor of law from the University of Paris, and the diploma of the School of Political Science. Returned to the Ministry of Finance for two years in 1925. Assistant to the procureur général of the Court of Appeal in 1927, and in 1928 president of the Tribunal of Commerce. Joined the staff of the Anglo-Iranian Oil Company as legal adviser in 1928. Visited London 1929. Left the company's service in 1930.

and set up private practice as an advocate in 1930; but remained the company's lawyer. Has one of the best legal practices in Tehran. Visited London again in 1933 and 1935.

Minister of Finance in Furughi's Cabinet 1941, and did good work in the difficult task of reconstructing the country's finances on a new basis. Resigned with that Cabinet early in 1942. Persian Government representative to International Bank in 1946. Appointed Financial Adviser to the Prime Minister under Qavam-us-Saltaneh autumn 1947 and charged with preparation of preliminary report on Seven-Year Plan. Within one month produced report which was basis of subsequent legislation. Post as Financial Adviser abolished January 1948, but he remained chairman of Provisional Planning Authority until the end of the year when he resigned after disagreeing with Sa'id's Cabinet over the staffing of the Planning Authority. Was appointed Member of the Council of the Seven-Year Plan May 1949 and Managing Director of the Plan August 1949-July 1950. Successful in first stage of Senate elections in Tehran October 1949.

Married the daughter of Amin-ud-Dauleh in 1931. Speaks English and French. A very sensible man, with a sound knowledge of local and French law; has been very helpful on many occasions to this embassy on legal points.

129. Nafisi, Sa'id

Second son of the late Dr. Nazim-ul-Atibba. Born in Tehran 1893. Educated in Persia and later in France. Returned to Persia in 1911, and was employed in the Ministry of the Interior. Transferred to the Ministry of Public Works in 1916, where he held different posts till 1927. Since then has been professor of the Persian language and literature in various schools. Has also done a good deal of journalism for the *Jitla'at*, the *Journal de Téhéran* and other newspapers. Was also active in promoting the first Persian cinema film. Has a great reputation as a prose writer. Author of a life of the poet Rudaki, and of a French-Persian dictionary. Published some violently anti-British articles in the local press when the D'Arcy Concession was cancelled. Has a certain knowledge of the Pahlavi language. A member of the Iranian Academy (Farhangistan).

A scholar of sorts and an active propagandist of pro-Russian views. Visited Moscow in autumn of 1945. In the latter part of 1949 and early 1950 was in India in connexion with the "Peace through Education" movement.

Prominent in the Soviet-Iranian Cultural Society.

130. Najm, Abul-Qasim

Born in Tehran 1893. Son of the late Najm-ul-Mulk, a noted astronomer.

Educated at the School for Political Science at Tehran. Entered the service of the Ministry for Foreign Affairs in 1911. Chief accountant at the Ministry 1920-24, and again from 1926-28. Transferred to the Ministry of Finance, and appointed Director-General there in 1930. Under-Secretary to that Ministry in 1933. In November of that year appointed minister to Germany. Minister in Tokyo early 1940; recalled on rupture of relations 1942. Said to have expressed admiration for Japanese methods. Ambassador at Kabul 1943-45.

His Majesty's Minister, Kabul, reported that he was friendly but ineffective, his co-operation with His Majesty's Legation being adequate but no more. Understands English tolerably well. Minister in the short-lived Hakimi Government in the summer of 1945 but had not left Kabul when that Government fell. Minister for Foreign Affairs in Hakimi's Cabinet of November 1945. He did his best to deal with the Azerbaijan crisis but the difficulties were too great for him.

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Minister of Finance in Hakimi's Cabinet December 1947-June 1948. Member of the Council of the Seven-Year Plan May 1949. Elected from Tehran October 1949 and resigned from Seven-Year Plan on opening of Parliament February 1950. Mentioned as possible Prime Minister March 1950 but Majlis opposition was too strong.

Member of Mixed Oil Commission May 1951.

131. Nakha'i, Muhammad

Born about 1902. Educated in Persia; speaks French.

Secretary of the Persian Legation in Brussels from 1928 for some years, and then remained in Belgium teaching Persian. Also studied law, and eventually returned to Persia to join the National Bank as head of its legal department. Later transferred to the Ministry of Finance as private secretary to the Minister (General Amir-khusruvi) 1941 became president of the Exchange Commission. At the end of 1943 private secretary to the Prime Minister (Suhaili). Has visited England, and his thesis for his doctorate was a dissertation on *Le Pétrole en Iran*.

In autumn 1943 helped to organise Government Employees' and Tenants' Association. President of Association of Iranian graduates of Belgian Universities.

Minister of Commerce in Sa'id's reconstituted Cabinet of August 1944. Minister of Agriculture in Sadr's Government in 1945. Minister without Portfolio November 1949 and then Minister of Agriculture January 1950 and of Labour February 1950 under Sa'id. Continued in this last office under Mansur April 1950 and Razmara June-August 1950, when he was appointed managing director of the Seven-Year Plan. Replaced May 1951.

Capable, intelligent and well-disposed towards us. Brother of Dr. Husain Quds. Brother-in-law of Najm. Married a Belgian while in Brussels for medical treatment 1949-50.

132. Nakhjivan, Muhammad (Amir Muvassag) General (Sipahbud)

Born at Tehran about 1882. His father was an officer in the Cossack Brigade. Educated partly in the Russian Military School at Tiflis. On his return to Persia he joined the Cossack Brigade. Director of the Military Academy at Tehran in 1922, as a reward for loyalty to Riza Shah; he had previously been engaged in the fighting in Gilan with the Bolsheviks and Kuchik Khan. In 1928 appointed Acting Chief of the General Staff. Acting Minister of War in August 1934; attained the rank of Amir Lashgar in 1935. Relieved of his functions as Acting Minister in April 1936. Head of the Persian Staff College from 1942 till February 1949 when he retired from the army on being nominated Senator for Tehran.

An exceedingly stupid, fat man, who appears to owe his high appointments to a habit of carrying out orders with no comment. Very susceptible to flattery. Openly critical of Russia.

Speaks Russian, French, German and a little English.

133. Naqdi, Ali Asghar, Major-General (Sarlashgar)

He originally served in the Persian Cossack Division and attended the Military Schools at Fontainebleau and Poitiers. In 1929 he was officiating commander of the Khuzistan Division and in 1931 commanded the 1st Infantry Brigade. In April 1941 he was promoted Sarlashgar and given command of the 2nd Division (Tehran). In November the same year he was thought to have retired, but was later serving as head of the Judicial Directorate and in January 1944 became head of the Conscription Directorate. Was still in this appointment when Ala

made him Minister of War, March 1951. Held same office under Masaddiq, May 1951.

A mild, retiring man who keeps aloof from politics. He is old and likely to retire soon. Speaks Russian and French.

134. Nasr, Sayyid Ali

Born Tehran about 1890, of a well-known family of Sayyids, one of whom was assassinated while serving in the Finance Ministry in 1924. A Government servant whose career has been mostly in the Finance Department, under which he has served in Khuzistan and on various inspection duties. Ministry of the Interior as Assistant 1943, and was in charge of the Ministry on the departure of Tadayyun in December 1943. Appointed Minister to China January 1944. Promoted Ambassador when status of Legation was changed to that of an Embassy in February 1945. Minister of Posts and Telegraphs under Qavam June-September 1947. Ambassador at Karachi March 1949-June 1950.

One of the moving spirits in the Persian repertory theatre at Tehran; in his youth he was an actor, and has translated and adapted for the Persian stage a number of foreign plays, including those of Molière. Speaks French.

135. Nasr, Taqi

Born c. 1909.

Was chief of the economic section of Ministry of Finance before becoming the head of the Agricultural Bank. In 1941 went to United States as Ministry of Finance delegate on a permanent Persian trade and finance mission in Washington. Was deputy Persian representative first on the International Monetary Fund and later at the International Bank. Recently has been working in the United States with a Persian-American trading group. In the past eight years he has spent very little time in Persia. Appointed executive director of Seven-Year Plan May 1949. Resigned August 1949 and went to United States. Returned to become Minister of National Economy under Sa'ad January-March 1950. Minister of Finance under Razmara June 1950; dropped October 1950.

He is a close friend of Prince Abdur Riza whom he assisted in his studies in the United States. He is keen, intelligent and adaptable, but showed deplorable lack of courage and staying power in deserting from the Razmara Government while abroad on an official mission for it. Since this episode he has not returned to Persia.

136. Navab, Saifullah

Born about 1893.

Educated in France.

Formerly Director-General of Census and Civil Registration Department, he became a member of the Economic Advisory Committee April 1945. Governor-General of Mazandaran in September 1945 and again in February 1949. In between these two appointments he returned to the Census and Civil Registration Department. Recalled from Mazandaran August 1949. Successful in first stage Senate elections in Tehran October 1949. Governor-General of Mazandaran again April-September 1950. Director-General of Census Department again December 1950. Speaks fluent French.

137. Nikpay, Fiaz (Azizullah)

Born in 1896. Educated by the Church Missionary Society at Isfahan and at the American College in Tehran. Speaks English and French. Started his career in the Ministry of Finance. Director of a large and important mill in Isfahan. Governor of Kermanshah in 1940-41. Represented factory owners at International Labour Conference in Paris October 1945. Governor-General of Kermanshah

May 1946 when he set himself almost unreservedly the task of promoting Government interests in face of increasing Tudeh displeasure. Until the time of his recall to Tehran, he resolutely pursued his policy of strengthening Right-wing opposition to the Tudeh, and where unsurmountable opposition was not encountered, he directed local affairs with exemplary efficiency. Political Under-Secretary and Assistant to the Prime Minister, Qavam-us-Saltaneh, in July 1946; granted Ministerial rank September 1946 and Minister of Posts, Telegraphs and Telephones under Qavam-us-Saltaneh in October 1946. Resigned December 1946 to become a candidate for Isfahan in the elections for the 15th Majlis; was elected and thereafter reappointed Minister. Dropped from the Cabinet in June 1947.

A zealous administrator and frankly pro-British. Intelligent. An intriguer, not entirely honest, but thrifty and capable. Appears to be enlightened on matters regarding relations of employer and employee.

138. Nuzzad, Ghulam Riza

Born in Tehran about 1880. Educated in Tehran. Entered the service of the Ministry for Foreign Affairs in 1905 and held different posts in various consulates in Russia. First secretary of the Embassy at Moscow in 1922. Counsellor there in 1924, and later *Chargé d'Affaires*. Chief of a section at the Ministry 1929. Consul-general at Delhi 1933. Head of the Consular Department, Ministry for Foreign Affairs, November 1938.

Consul-general at Istanbul May 1941. Recalled July 1943 and appointed head of the International Relations Department in the Ministry for Foreign Affairs November 1943. Transferred to the Court 1944. On committee of Russo-Persian Cultural Relations Society 1944. Is now Chief of the Imperial Court.

Speaks French and Russian, as well as a certain amount of English. A rather long-winded person, but quite harmless.

139. Pahlavi, Muhammad Riza Shah

The eldest son of Riza Shah by the daughter of Taimur Khan, this lady was the ex-Shah's chief consort and was known as the "Mahkeh."

Born on 26th October, 1919, and proclaimed Valiahd, or heir-apparent, on 1st January, 1926. Educated in Tehran under tutors at first, and then in Switzerland at La Rosey, under the direction of Dr. Moudab Nafisi. Returned to Persia in the spring of 1936. Speaks excellent French and good English.

Betrothed in June 1938 and married Princess Fauzieh, sister of King Farouk of Egypt, at Cairo on 15th March, 1939. The marriage was preceded by a very pompous journey through Iraq, Syria and Egypt. The principal wedding festivities took place in Tehran in April, on the couple's arrival, and were attended by delegations from many countries, including the Earl of Athlone and Her Royal Highness Princess Alice, the Duke of Spoleto and General Weygand. The only offspring is one daughter, Shahnaz, born in 1940. Queen Fauzieh left for Egypt in 1943 and never returned. Her divorce by mutual consent from the Shah was announced on 19th November, 1948, and attributed to the fact that her health did not permit her to live in Persia.

On 11th October, 1950, he was betrothed to Mille, Suraya Isfandari, the 18-year-old daughter of a minor Bakhtiari Khan and a German mother. The marriage, postponed because of the bride's ill-health, took place on 12th February, 1951.

Muhammad Riza succeeded to the throne on the abdication of his father in September 1941. From the first he took a considerable part in public affairs and he showed an unmistakable sign of his intention

to exert his influence in State matters when in 1946 he conceived a strong antipathy to Qavam. Eventually it was due to his active intervention that Qavam fell from power at the end of 1947.

His private visit to Britain in July 1948 was a considerable success and he created a good impression.

On the 4th February (15 Bahman) 1949 an attempt was made on the Shah's life. His escape was miraculous and created a profound impression. The Shah's bearing on this occasion greatly enhanced his prestige. He then decided to introduce the constitutional reforms which he had been contemplating for over a year and in which he considered the primary remedy for the country's deplorable condition lay, and the Constituent Assembly, in May 1949, granted him the right to dissolve either Chamber.

In November 1949 the Shah left for a visit to the United States which lasted for six weeks. From 1st-16th March 1950 he visited Pakistan. An event of great personal importance to himself took place in May 1950, when, in an impressive ceremony, he attended the re-burial of his father, Riza Shah, in a mausoleum especially constructed at the principal shrine near Tehran.

An official visit to Jordan, planned for April 1951, returning King Abdullah's visit of July-August 1949, was postponed at the last minute because the Shah had an attack of appendicitis. Fearing complications, he later arranged for American doctors to attend him and he was successfully operated on for appendicitis on 5th July, 1951; no complications were found.

The Shah is well-informed, intelligent, but timid and irresolute. Although he has not the forcefulness of his father, whom he greatly admires, he is determined to do his best for his country, and with his recently increased constitutional powers it is to be hoped that he will develop a greater self-confidence and more balanced judgment. His greatest weakness is his inability to select wise counsellors and his readiness to listen to the advice of the first-comer, including some worthless adventurers. He is susceptible to the influence of his twin sister, Princess Ashraf, and in a diminishing degree to that of his mother, who is said to make a practice of comparing him unfavourably with his autocratic father.

In spite of reports to the contrary, the Shah is neither vicious nor particularly interested in money. Indeed, since his accession he has in the hope of benefiting his people freely expended much of the vast fortune amassed by his father. He is a keen all-round sportsman and a good amateur pilot. He is also a very hard worker. He has a lively apprehension of Soviet designs and is inclined to be irritated by American ineptitude. He is still to some extent torn between a partiality for liberal institutions and methods, which is no doubt the product of his Swiss education, and an ardent desire to transform the economy of this corrupt and backward country. It remains to be seen whether His Majesty will develop the determination, the patience and judgment necessary for his purpose, or whether, under pressure of events, he will eventually follow in the footsteps of his father.

140. Pahlavi Royal Family

The following are recognised members of the Pahlavi Royal Family:—

Sons—

(i) Shahpur Ali Riza

Born 1st March, 1922.

He was sent away from Persia soon after his father's abdication in 1941 and remained abroad, nominally completing his education, until February

1948, when he returned unexpectedly to Tehran. During his absence he married a Frenchwoman, but the marriage has not been officially recognised. He is reported to be a man of violent character and to have inherited much of his father's temperament, but since his return to Tehran has behaved quietly. In the spring of 1950 he began to show an interest in political affairs.

Went to Germany for medical treatment, 1st-29th April, 1951.

(ii) Shahpur Ghulam Riza

Born 13th April, 1923.

He was married in January 1948 to Huma A'lam, daughter of Dr. A'lam and granddaughter of Vusug-ud-Daulah. Made a second lieutenant in the army in 1947 after passing out from the Officers' Training College in Tehran. Went on a cavalry course in France, July-October 1949. Has, apparently, an amiable disposition.

(iii) Shahpur Abdur Riza

Born 19th August, 1924.

He returned to Tehran in January 1948 after several years at Harvard University. He has made a good impression on those who have met him. Went to United States again in 1948 for medical treatment but returned to Persia on the passage through the Majlis of the Bill relating to the Seven-Year Plan of the Organisation for which he was appointed honorary president May 1949.

Began his military training at the Officers' School at Tehran May 1950 and is likely to take less interest in the Seven-Year Plan while under training.

Was operated on by some American doctors as the Shah, 5th July, 1951. Married Pari Sima, daughter of Ibrahim Zand (*q.v.*) and divorced from previous husband, Engineer Hushang Afshar, 12th October, 1950.

(iv) Shahpur Ahmad Riza

Born 17th September, 1925.

Mentally not normal. Married to Simin Bahrani of Tehran, who bore him a daughter 10th March 1949.

(v) Shahpur Mahmud Riza

Born 3rd October, 1926. Educated in the United States at Michigan University. Returned to Tehran, November 1950.

(vi) Shahpur Hamid Riza

Born 4th July, 1932.

An unruly boy, who three times ran away from school in the United States. Finished his schooling in 1948 and is now in Tehran.

Married Minu Daulatshahi, 15th March, 1951.

Daughters—

(i) Shahdukht (Princess) Shams-ul-Mulk

Born 13th October, 1917.

Married, first, Faridun, son of Mahmud Jam; one daughter; divorced; second, Mirdad Pahlbud, a man of low origin, by whom she has two sons.

The Princess is president of the Red Lion and Sun Society. Has travelled in the United States and also, in 1949, in Europe, seeing hospital and welfare work.

Conveyed the Shah's proposal of marriage to Suraya and brought her back to Tehran from Paris, 7th October, 1950. Is very much "elder sister" to Suraya.

(ii) Shahdukht Ashraf-ul-Mulk

Born 24th October, 1919, a twin sister of the Shah.

Married, first, 1937, Ali Qavam, son of Qavam-ul-Mulk, divorced 1942; one son, Shah-Ram; second, Ahmad Shafiq, an Egyptian of good family, who for

some time has been Director of Civil Aviation. By him she has one son and a daughter born 28th November, 1950.

The Princess visited Moscow in 1946 and the United States and United Kingdom in 1947 to study social welfare organisations. Visited India and Pakistan in November 1948 and Europe November 1949-February 1950.

Much criticised for interference in political and administrative matters.

(iii) Shahdukht Fatimeh

Born 30th October, 1929.

Went to school in the United States. Returned to Tehran 1948. Accompanied Princess Shams to the United States again May 1949. Returned with the Shah as far as Rome, December 1949, and there married an American medical student, Vincent Lee Hillyer, April 1950, without the Shah's permission. Deprived of Royal prerogatives, but on remarrying by Moslem rites was apparently forgiven. Both arrived in Persia in December 1950 but left again, June 1951.

Of the above, the following are the offspring of Riza Shah's first wife:—

Princess Shams.
Princess Ashraf.
Prince Ali Riza.

Riza Shah's second wife was Malikeh Turan, who was of Qajar stock on her father's side. She bore Ghulam Riza, but was divorced after three months. (In 1942 she married an obscure merchant in Tehran named Zuhibullah Malikpur).

Riza Shah's third wife was Ismat-ul-Mulk, a Qajar Princess of the Daulatshahi family. She bore him four sons and a daughter, i.e.—

Prince Abdur Riza.
Prince Ahmad Riza.
Prince Mahmud Riza.
Prince Hamid Riza.
Princess Fatimeh.

There is also a daughter, Hamdam-us-Saltaneh, who appeared at Court during 1950 and who has been granted the title of Her Royal Highness. She is the offspring of an earlier wife of Riza Shah who was divorced before he married the "Malikeh." She has been married first to Colonel Ataba'i, Master of the Stables, and secondly to Dr. Amir Aslani, from whom she has also been divorced.

141. Pakravon, Fathullah (Amir-i-Arfa)

Born about 1885. First became known as a member of the 2nd Majlis, where it appears that he was the laughing-stock of his colleagues. In 1910 he obtained the appointment of Persian Consul-General in Constantinople. From Constantinople he went to Egypt as consul-general, and later became Persian Minister there until he returned to Tehran early in 1925. In 1925 he was appointed Director of the Russian and Turkish section in the Ministry for Foreign Affairs. Appointed Persian Minister in Rome in December 1928. Appointed Persian Ambassador to the U.S.S.R. in February 1931. Was accredited also to Finland and Estonia as Minister in 1932. Recalled from Moscow in February 1934. Appointed Governor-General of Khurasan November 1934. Recalled and brought to Tehran under arrest on various charges of peculation and irregular conduct in February 1942 but was released without trial. Appointed ambassador to Italy late 1945. Left to take up appointment May 1946. Replaced June 1949.

Speaks French fluently. Has a Russian wife who speaks fluent English.

142. Pirnazar, Hasan

Born in Tehran about 1895. Educated in Tehran. Entered the service of the Ministry for Foreign Affairs 1920. First Secretary in Cairo 1925. Chargé d'Affaires in Cairo 1930. Returned to Persia 1931. Consul at Bombay 1932. Consul-general at Baku 1935. Head of the economic section of the Ministry for Foreign Affairs 1941. Promoted Director-General 1943. Accompanied Qavam-us-Saltaneh to Moscow February 1946. Appointed Under-Secretary at the Ministry for Foreign Affairs January 1948. Appointed Minister to Yugoslavia end 1948 and arrived Belgrade October 1949. Also accredited to Bucharest, Sofia, Budapest and Athens.

Speaks French, Russian and some English. Seems a conscientious official.

143. Porvahi, Abul-Qasim

Born in Tehran about 1896. Educated in Tehran at the School of Political Science. Entered the service of the Ministry for Foreign Affairs in 1921. A judge in the Foreign Office Tribunal from 1922 to 1924. Second secretary at Brussels 1925-27. First secretary at Rome 1927-30. Transferred to the Department of Commerce in 1931, and employed there as chief of the Import Permits section. In 1933 chief of the Passport and Nationality section of the Ministry for Foreign Affairs. In 1934 appointed counsellor at Berlin. Consul-General, Hamburg, 1938. Head of Personnel Department, Ministry for Foreign Affairs, April 1939.

Head of the second section of the Ministry for Foreign Affairs, which deals with Iraq and Turkey, 1942. First Chargé d'Affaires and then Minister at Berne 1944-48. Minister at Beirut December 1949.

Married to a German lady.

Speaks French. A voluble little man, who has a great idea of his own importance, and has never gone out of his way to give us any help.

144. Qadimi, Dr. Husain

Born in Tehran 1895. The second son of the late Asadullah Qadimi, Mushar-us-Saltaneh. Educated in France, and holds a doctor's degree. Attaché at Paris 1918-21. His wife is French. At the Ministry for Foreign Affairs 1922-23. Secretary at Berne and for the League of Nations 1924-28. Chief of the League of Nations and Treaty Section of the Ministry 1929-32. Chargé d'Affaires at Stockholm 1932. Counsellor at Berne 1936. Director of the League of Nations Section of the Advisory Department of the Ministry 1937, and of the League of Nations Department, when that section was raised to a department in September 1938. Chargé d'Affaires at Berne 1941-44. Inspector, Ministry for Foreign Affairs, September 1949.

Speaks perfect French. A very efficient man at his job.

145. Qaraguzlu, Ali Riza (Baha-ul-Mulk)

Born about 1880. Owns property at Hamadan, and is a cousin of the late Nasir-ul-Mulk. Has lived in Europe for a number of years and is a graduate of the School of Political Sciences of Paris. Elected to the 4th Majlis as member for Hamadan. Appointed Minister of Finance in 1923, though he had held no Government office before. Resigned in April 1923, as he found that he was controlled by Dr. Millsprugh. President of the Government Supervisory Board of the National Bank of Persia 1929-32.

Minister of Justice in Qavam-us-Saltaneh's Cabinet of August 1942; resigned in the following January without having accomplished anything valuable. An honest politician, but much too old to learn anything new or useful. Lives in Tehran; used frequently to visit Paris. A queer and eccentric man, with a reputation for honesty.

146. Qaraguzlu, Husain Ali

Second and younger son of the late Nasir-ul-Mulk, Regent of Persia. Born in 1900. Educated at Harrow and Balliol College, Oxford. Married the daughter of Taimurtash in 1931; and divorced her in 1935. An attaché at the Legation in London 1931. In the same capacity at Paris 1932. Returned to Tehran at the end of that year, and then employed in the Ministry for Foreign Affairs, at first in the Treaty Department, and from the end of 1936 in the Protocol Department. Transferred to the Ministry of Interior at the end of 1937.

Resigned from Government service in 1938 and took to chicken farming. After the fall of Riza Shah was not employed in Government service until he became secretary to Dr. Millsprugh at the end of 1942, and in May 1943 was employed at Court, his brother-in-law, Ala, being Minister of Court. Accompanied the Shah to the United States December 1949 and remained there.

Charming but ineffective; his failure to fulfil his early promise has been a disappointment, but he is a believer in Anglo-Persian co-operation. An idealist with a certain intelligence and a reputation for honesty.

Speaks perfect English and French.

147. Nizam-Qaraguzlu, Husain Quli (Amir Nizam)

Born in 1883, the eldest son of the late Amir Nizam. A member of the Qaraguzlu family of Hamadan and a nephew of the late Regent, Nasir-ul-Mulk. Educated in England and Austria. Passed through the Military Academy at Vienna, and served with a commission in an Austrian infantry regiment for three years. Inherited large estates from his father in the district of Hamadan, but owing to his absence in Europe from 1921 to 1929 these estates have been allowed to deteriorate. Was appointed Governor of Kermanshah by Vusug in 1919, where he was very popular on account of his honesty and integrity. Being a rich man he was imprisoned at the time of the *coup d'Etat* in 1921, and made to pay 20,000 toman as the price of his release. He was so disgusted at this unmerited treatment that he left Persia and vowed never to return. During his stay in Europe he lost heavily at Monte Carlo and Deauville. Taimurtash met him in Europe in 1928, and persuaded him to return to Persia, which he did in 1929. Appointed Grand Master of Ceremonies at the Court in March 1929. Sent to Europe on private business for the Shah in March 1930 and returned at the end of December.

A reputation for honesty saved him from sharing his friend Taimurtash's fall. Grand Master of Court Ceremonies (Foreign) 1938. Dismissed owing to royal irritability during the Crown Prince's wedding celebrations in April 1939, and retired to his estate at Kabud-Rahang, near Hamadan.

An extremely agreeable and likeable man, with more than a veneer of European culture. Is the best type of educated Persian, and is noted for his honesty and integrity. Speaks fluently French, German and English.

Is tremendously rich with ample investments abroad. Devotes much time and energy to improving the lot of his peasants. Obstinate, but great force of character and personality. Has great influence in Hamadan area where he is looked on as experienced, wise and good. Honest, hard working and pro-British. In June 1945 bequeathed all his lands to his peasants and distributed copies of the will among them. Appointed the British Embassy and the Imperial Bank of Iran as two of the executors.

148. Qashqa'i, Khusrau

Born 1921. Youngest son of the late Isma'il Qashqa'i (Saulat-ud-Dauleh). Was appointed

Governor of Firuzabad in November 1943, but preferred making frequent trips to Tehran to living at his post. Made large sums of money by selling monopoly goods destined for the tribes at an enormous profit in the open market. Elected to 15th Majlis from Firuzabad. Went to Europe in December 1947. Spent a long holiday in the United States (1948-49) where he picked up English in a very short time. Deputy for Firuzabad in 16th Majlis. Member of the Majlis Oil Commission, June 1950, and was to all practical purposes a supporter of the National Front.

The reprobate of the family, he has great personal bravery and recklessness. Considered a hothead by his elder brothers and not altogether trusted by them. Inherits his father's cruelty and sadism, and is credited with a number of reckless killings. Has personal charm, considerable powers of persuasion and a boundless capacity for making mischief. Is generally described as a "child" which is intended by some to excuse his excesses and by others to mean that it is time he grew up.

Khusrau is intelligent but has an unfortunate propensity for intrigue and an unguarded tongue, which continually gets him into trouble. He is at present anti-British and pro-American and has gone to America, where he is reported to be indulging his anti-British fancy.

149. Qashqa'i, Malik Mansur

Born 1905. Second son of the late Saulat-ud-Dauleh. Studied at Brasenose College, Oxford. Of hawk-like appearance and attractive personality, he talks much but slowly and tends to repeat himself. Speaks good English and German and a little French, Turkish and Turki. Reported to be loved by the tribespeople where Nasir is feared, since he is very interested in agriculture and the general well-being of the tribespeople. Devoted to tribal pursuits of hunting and riding. Says that he will do his utmost to oppose any Government interference with the tribe and that he is prepared to fight the army. By far the most trustworthy of the Qashqa'i khans.

Returned to Persia late 1949 after undergoing medical treatment in Switzerland, where he again went for treatment in 1951.

Has great influence amongst the Boir Ahmadi tribes with whom he spent many years of his youth. He is very popular among the whole Qashqa'i confederation. Married the daughter of Jahangir Khan (Qashquli Kuchik Family) by whom he has a daughter.

150. Qashqa'i, Muhammad Husain

Born about 1907. Third son of the late Saulat-ud-Dauleh. Studied at Reading University, but left because of chronic asthma. Studied economics at Berlin University. Deputy in 14th and 15th Majlis for Abadeh. Elected to Constituent Assembly from Firuzabad April 1949. A voluble speaker. Excitable and untrustworthy.

He is known as the "merchant" brother. Not very popular in the tribe—he married a rich Tehrani girl, another cause for tribal criticism.

151. Qashqa'i, Muhammad Nasir

Born 1904. The eldest son of the late Isma'il Qashqa'i (Saulat-ud-Dauleh). Elected to the 8th Majlis as a member of the Qashqa'i. Ikhan and the most influential chieftain of his tribe for a short time during 1930. Deprived of parliamentary immunity and arrested for conspiracy in 1932. Fled from Tehran during the general disorder in September 1941 and recovered his old position in Fars where he is now the accepted but not entirely undisputed leader of the Qashqa'i. Does not smoke or drink and is a model family man. Tall, broadly

built, staring eyes, slight smallpox marks on face, of commanding presence. A fast talker and a good raconteur. Fond of town society and, when living in civilised surroundings, is very reasonable and amenable. When living with the tribes he seems to lose his balance (where matters outside the parochial affairs of the tribes are concerned) and to be easily misled. This instability probably results from his varied earlier experiences including imprisonment in Tehran with his father who died in captivity.

Until the summer of 1945, when he eventually screwed up courage to come to Tehran, he seems to have been generally in fear of re-imprisonment. His anxiety to consolidate his positions leads him, at the prompting of others, to see in himself a future Governor-General of Fars, Prime Minister and even Shah of Persia.

Speaks a little English and understands much. He had two Germans with him in 1943 and made a landing ground, intended for German aeroplanes, near Farrashband. He rebelled in 1943 and was attacked by troops under General Shahbakhhti but the operations were very half-hearted and soon fizzled out. In April 1944 he handed over the Germans who had taken refuge with him and undertook to co-operate with the Allies. Was a leader of a tribal revolt in Fars in summer of 1946 in which his brothers also took part. After some fighting the Qashqa'is came to an understanding with the Government and peace was restored. Elected to the 15th Majlis but did not take his seat. Deputy for Shiraz in the Constituent Assembly April 1949. Successful in first stage Senate elections in Shiraz and Firuzabad autumn 1949, and nominated Senator for Fars February 1950. Has this year been at some pains to show that he is not anti-British and to act as a mediator with Musaddiq over the oil dispute.

Muhammad Nasir Qashqa'i has made himself tribally unpopular by permitting the greed of his wife (Rukabeh Bibi) who wishes to seize all she can for Nasir's children (the eldest boy—Amanullah Khan—born c. 1922—is studying in the United States; the other son—Jingiz—born c. 1940—is with the tribe; there are several daughters—who of course count for little in the tribe).

Physically fit, a good leader of men. Neither very intelligent nor very trustworthy.

152. Qavam, Ahmad (Qavam-us-Saltaneh)

A brother of Hasan Vusug, than whom he is younger by a few years. Began his career in the Ministry of Finance. Became Minister of War, July to October 1910, and Minister of Interior July to November 1911, and again in December 1911. Minister of Finance July to August 1914, and Minister of Interior November 1917 to January 1918. Appointed Governor-General of Khurasan April 1918 and remained there for three years, during which he administered the province with uniform success during troublous times. Became Prime Minister and Minister of Interior June 1921 to January 1922, and again Prime Minister and Minister for Foreign Affairs from June 1922 to February 1923. Banished to Europe in October 1923, being accused of having plotted against the life of Riza Khan (Riza Shah). Was allowed to return to Tehran at the end of 1928 and arrived in March 1929, when he went to reside quietly on his property at Lahijan near Resht.

Came back to live in Tehran after the fall of Riza Shah. Prime Minister August 1942, after the fall of Suhaili. Worked hard, but gradually surrounded himself with his own relations and friends. Tried hard to gain control of the Ministry of War, but failed to counteract the young Shah's enthusiasm for the control of the army. The Shah's opposition to him was shown in the disturbances of the 8th December, 1942, in which Qavam did

extremely well and undoubtedly performed a great public service in re-establishing governmental authority. Thereafter, however, he became more and more involved in petty intrigues and favouritism, and had to resign in February 1943; since when he has been more or less openly accused of being the real instigator of the riots of December 1942.

Believed to have been in touch with the Japanese Legation early in 1942, and to have received, when Prime Minister in 1942, messages from persons whom he knew to be German agents, without informing us. This was brought to the notice of the Shah in January 1944.

Became Prime Minister in February 1946 with additional offices of Minister for Foreign Affairs and Minister of the Interior. His policy was to seek reconciliation with the Soviet Government. For this purpose he went to Moscow in February 1946.

Responsible for the arrest of Sayyid Zia and General Arfa in March 1946, probably at Russian insistence. In April 1946 concluded an agreement with the Russians granting them an oil concession in the north, to be presented for approval to the 15th Majlis. Submitted to Russian pressure to settle the Azerbaijan problem by conciliatory methods in return for which the Red army was withdrawn early in May. During his first year of office he destroyed the autonomous régime of the Azerbaijan Democrats, broke up the Tudeh Party and their affiliated trade unions and established the Iran Democrat Party with which he won a big majority in the general election held in 1947. This majority gradually wasted away during the latter half of 1947—in December he was defeated in the Majlis and obliged to resign. In January 1948 he went to Europe for medical treatment. Returned to Tehran May 1948. Abstained from overt politics but after the attempt on the Shah's life a warrant for his arrest was issued; he immediately obtained an audience of the Shah and then left for Paris. He paid a short visit to Tehran November–December 1949, after which he returned to Europe. In March 1950 he addressed a strongly worded letter to the Shah, copies of which he sent to the press, criticising the proposed revision of Article 49 of the Supplementary Fundamental Laws. For this he was deprived of the title of "Highness" granted to him in 1947.

Intriguing, ambitious and fond of money but of great experience and competence. He is a genuine patriot and has generally been friendly to His Majesty's Embassy.

Returned to Tehran, October 1950, but was not invited to the Shah's wedding. He was freely mentioned as a possible Prime Minister after the assassination of Razmara. The Shah's opposition to him was, however, still too strong and he left for Switzerland again in May 1951. Returned to Tehran July 1951.

153. Qavam, Ibrahim (Qavam-ul-Mulk)

Born 1888. The son of Mirza Habibullah Khan Qavam-ul-Mulk, who was killed accidentally in May 1916. During the war of 1914–18 was very friendly to us, and carried on his father's traditional policy of opposition to the powerful Qashqa'i group of tribes headed by the late Ismail Khan Saulat-ud-Daulah. Having inherited vast properties in Fars from his father, as well as the titular headship of the "Arab" tribes of that province, he wielded immense authority in the south of Persia at the time of the *coup d'Etat* of 1921. Riza Khan (late Riza Shah) when Minister for War met the Qavam at Isfahan in August 1923 and expressed a wish that he should reside at Tehran; he therefore became elected to the Majlis as member for the Khamseh (Arab) tribes and thereafter resided a good deal in Tehran. In 1929 as a result of various questions of validity

of title to property Qavam was given crown lands in Nishapur, in the neighbourhood of Tehran and elsewhere in the centre of Persia, in exchange for his Fars properties. It is believed that he did well out of these transactions, and that he is one of the wealthiest landowners of Persia at present.

In the 9th Majlis of 1933 he was a Deputy for Baluchistan. He had also accompanied Riza Shah on several of his journeys, and was generally supposed to enjoy His Majesty's full confidence. In November 1933, however, on the arrest of the Minister of War, Sardar As'ad, while in attendance on the Shah at the Turcoman races, the Qavam seems to have become the object of suspicion, and he was placed under arrest with As'ad.

Played his part in the "events of 1941"; he and his family at one time "took bast" in the British Legation at Gulhek; and when Riza Shah abdicated and went to Isfahan it was Qavam who was sent by the Government to obtain Riza's signature to documents handing over his properties and private fortune to the State and to his son respectively.

Visited India 1941–42 and bought a house at Bangalore.

Sent back to Shiraz to help Marshal Shahbakhhti with his attack on the Qashqa'is in June 1943.

Appointed Governor-General of Fars September 1943, but could not agree with any of the military chiefs about tribal policy, and returned to Tehran November 1943. Deputy for Shiraz in the Constituent Assembly April 1949. Elected Senator from Fars April 1949.

Qavam's influence in the Fars of to-day is unimportant. Three or four of his family (Brigadier Qavami—Chief of Police Shiraz, &c.) hold appointments in Fars, however. The Khamseh tribes no longer look to him as their feudal chief. The general tendency among his own family, whose obedience but not consciences he commands, is to regard him with the utmost respect as the survival of a day that is gone. He himself does not seem to be conscious of, or will not admit, this passage of time.

His son, Ali Muhammad, married Princess Ashraf Pahlavi in March 1937 but the marriage was dissolved. He subsequently married a girl of the Shaikhan family, daughter of Muhasib-ul-Mamalik. He had previously been an undergraduate at Bristol where he did badly. At the end of 1941 he went to Washington as Assistant Military Attaché. The other son, Riza, married a daughter of General Muqaddam and is at present employed in the Ministry of Labour. One daughter is married to Asadullah Alam, son of the late Shaikat-ul-Mulk, and the other to Dr. Abul Qasim Nafisi.

154. Qizilbash, Aziz

Born about 1900. A Kurd by birth, from Kermanshah. His father and mother were killed during the constitution riots (1905–10). He himself joined in the rioting at the age of 6 or 7. Spent six or seven years in India working on the railway and then lived in Ahwaz, where he was friendly with Mr. Soane, His Majesty's Consul at Khurramshahr (later in Kurdistan and Iraq). Acted as interpreter for the consul with the tribes and with him was under fire on several occasions. After Mr. Soane had returned to England and died it was found that he had left a legacy to Qizilbash, which was paid to him by His Majesty's Consul, Ahwaz. For approximately twenty years Qizilbash has worked on the Iranian State Railway and is now in the Inspection Department. Anti-Communist, he joined the Democrat Party and the I.S.K.I. trade union immediately on their inauguration in December 1946. Became second secretary of the trade union and attended the I.L.O. Conference, Geneva, in 1947 as a workers' representative. Led I.S.K.I.'s more militant anti-

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Communist activities, touring the railway system, identifying Tudeh members and insisting upon their removal from employment with the State Railway. In winter 1948, owing to personal differences with Khusrau Hidayat (the first secretary of I.S.K.I.), Qizilbash was dismissed from the I.S.K.I. union. Since then he has operated independently, using his personal influence among railway workers and in the bazaars to draw support away from I.S.K.I. to his own newly formed "Central Council of the Federation of Workers, Peasants and Tradesmen of Iran." In May 1950 claimed to have eighteen small unions in Tehran and the provinces under his control with a total nucleus membership of about 3,000. Eventually agreed to the setting up of a joint committee under the auspices of the Ministry of Labour to co-ordinate trade union activities of I.S.K.I., I.M.K.A. and his own Central Council. In February 1951 was elected to the General Council of the newly-formed Trade Union Congress. Speaks Turki and Urdu.

155. Qubadian, Abbas (Amir Makhsus)

Born about 1900, son of Da'ud Khan, first paramount chief of the Kalhurs. Suspected of being pro-German in 1917–18 when Turks and Germans occupied Western Persia. Seized power in the tribe after the murder of Sulaiman Amir A'zam by Pasha Khan, Qubadian's brother, in 1922. He led a revolt against him, was captured and imprisoned. Vain and obstinate, he is at loggerheads the whole time with most of his own family. Deputy for Kermanshah in the 14th Majlis. In early 1946 succeeded in forming a union of the western tribes to combat the Tudeh and the Democrats in Kurdistan. Re-elected to the 15th Majlis for Kermanshah, which he also represented in the Constituent Assembly April 1949. Now Deputy for Kermanshah in 16th Majlis.

156. Quds (Nakha'i), Hussein

Born about 1892. Graduate of the Tehran School of Political Science. Has held various posts under the Ministry for Foreign Affairs and was secretary in London for five years. Edited, for a short time, a small literary review. Private secretary to the Minister for Foreign Affairs 1934. Secretary and, for a time, *Chargé d'Affaires* at Washington 1935, until relations were broken off. Accused of having abused customs franchise while in charge at Washington. Secretary in London March 1937. Consul, Izmir, 1939. Counsellor in London early 1943. Returned to Persia in 1947. Appointed head of Third Political Department, Ministry for Foreign Affairs, April 1948. Director-general (Personnel) later 1948. Under-Secretary, September 1950. Ambassador in Bagdad April 1951.

Speaks English and French. A quiet and level-headed official.

157. Radmanish, Dr. Riza

Born about 1900. In 1938 he was arrested by Riza Shah for making Communist propaganda. Elected Deputy for Lahijan in the 14th Majlis. Has been a prominent member of the Tudeh Party and the Tudeh Majlis group since its foundation and was a dominating member of the Tudeh Party General Party Conference in 1944. Edits Left-wing paper *Mardam*. One of six editors invited by the Ministry of Information to visit the United Kingdom in the autumn of 1945, but did not accept. A genuine Communist who is not best pleased with the complete subservience of the Tudeh Party to the Russians but unable to help himself. Rather naïve.

Believed to have taken refuge in Soviet Embassy after attempted assassination of Shah 4th February, 1949. Sentenced to death *in absentia* May 1949 for activities against the constitutional monarchy.

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158. Rahnama, Zain-ul-Abidin

Born about 1888, one of the sons of the late Shaikh-ul-Iraqain, a Persian subject and small mujtahid of Kerbela.

Rahnama was educated in Iraq and came to Persia about 1910. He was a member of the Democratic Party and edited first the newspaper *Rahnama* and subsequently the semi-official paper *Iran*. He was elected a Deputy to the 5th and 6th terms of the Majlis. Was sent to Europe in 1923 on a mission to publicise Persia, and stayed most of the time in Paris. Was appointed Under-Secretary to the Ministry of Public Works at the end of 1926 and Under-Secretary to the Minister of the Interior in April 1927. In June 1927 he fell from favour and confined himself to journalism, and accompanied the Shah on his journey to Khuzistan in October 1928 as press representative.

Rahnama is an ambitious man, with plenty of "push." His great ambition has always been to obtain a Government post, which he hoped would culminate in a ministerial appointment. With that object in view, he discarded his turban and gave up his title of "shaikh." This brought him three different under-secretaryships in succession. He is intelligent and clever in a certain sense.

Went to Europe in 1933 to purchase printing machinery. In the summer of 1935 was exiled to Iraq and took up his residence in Beirut; the Shah was said to have suspected him of plotting against the régime.

Returned to Persia after the fall of Reza Shah in 1941, and resumed his editorship of the newspaper *Iran*. On a mission to the ulama of Iraq in 1942, and brought back certain messages addressed to the young Shah. Plunged into political intrigue in 1942 and after being disappointed at not being accepted by the Iraq Government as Minister, became a sort of secretary and spy in Subhaili's Administration in 1943, but soon resigned. Minister in Paris 1944. Appointed minister in Beirut February 1947. First Minister to Amman July 1949. Returned to Tehran on conclusion of duty October 1949.

Speaks French and English.

159. Ra'is, Muhsin

Born in Tehran about 1895. Educated in Persia and France. The eldest son of the late Zahir-ul-Mulk. Entered the service of the Ministry for Foreign Affairs in 1919. Sent to Switzerland as secretary of the Persian Delegation to the League of Nations. Returned to Persia in 1924, and served in the Ministry till he was sent to Paris as counsellor in 1930. Head of the Treaty Section of the Ministry in 1933. Minister at Berlin and The Hague 1935. Political Director-General in the Ministry for Foreign Affairs September 1937. Minister at Bucharest for Roumania, Greece, Bulgaria and Yugoslavia December 1938.

Transferred to Vichy in 1941, and returned in July 1942 to Tehran. Minister in Bagdad July 1943. Ambassador to London June 1947. Returned to Tehran to become Minister for Foreign Affairs under Razmara, August 1950. Held post until assassination of Razmara, March 1951.

A very agreeable man, not afraid of hard work. Speaks good French. Married one of the many daughters of Farman Farma in 1935.

160. Razmara, Haji Ali, General (Sipahbud)

Born about 1900 and trained at the Military School at Saint Cyr. In 1931, he was commanding the 2nd Infantry Regiment and in the same year he became Military Governor of the Khamsch tribes of Fars. During the following year, he commanded the forces operating against the Kurdish leader Jafar Sultan. In 1941 he was Deputy Commandant of the Staff College and an instructor at the Military Academy. He commanded the 1st Division at Tehran

from October 1941 to May 1943. In July 1943 he became Chief of the General Staff, but was replaced in September. In January 1944 he became head of the Shah's Military Cabinet. He was again Chief of the General Staff from April to December 1945. In July 1946, in spite of opposition from the Minister of War and the Shah, who at that time expressed distrust in him, he was appointed Chief of the General Staff for the third time. He was promoted Sipahbud in March 1948.

After his appointment as Chief of the General Staff he was closely associated with Muzaffar Firuz in furthering Russian interests, but the latter's leading part in the arrest of Sartip Hijazi threw him into opposition to Firuz and the Tudeh Party and in favour of the Shah. He gradually increased the power and influence of his appointment to the exclusion of the Minister of War.

He was the son of an ex-cavalry officer who is still alive and a centenarian. He had numerous brothers and sisters, was related to the Kamal-Hidayat family, and, by marriage, to Muzaffar Firuz.

As an officer he showed himself outstanding with great energy and determination, and with a reputation as a disciplinarian. He was clever, quick and decisive and a strong nationalist. He was ambitious, and his earlier reputation was that he was an intriguer, ready to trim his sails to any wind. During the last few years, however, he undoubtedly worked wholeheartedly for the army, in which he effected numerous improvements. He was well read, with an intimate knowledge of his own and other countries. Though he did not go out more than his duties or interests demanded, he was affable in society and had a good sense of humour. He spoke good French, Russian and German and fair English. He was fit and active, did not smoke and drank very little. Very hard-working.

He was appointed Prime Minister by the Shah on 26th June, 1950, without prior consultation with Parliament. This accounted in part for his unpopularity in Parliament but the fiercest opposition to him came on personal grounds from the eight-Deputy group styled the National Front. His initial plans for decentralisation and other reforms came to nothing in face of the passive resistance of the Majlis. When eventually in December 1950 he submitted the Supplemental Oil Agreement to the Majlis it encountered the full blast of the demagogic opposition of the National Front. His attempts to explain the merits of the agreement were of no avail; it was withdrawn and the campaign for oil nationalisation ran at increasing intensity until Razmara was assassinated on 7th March, 1951, by a "Fida'i-yi-Islam," generally believed to have been acting under the orders of Kashani (q.v.).

161. Rusta, Riza

Born about 1900. Imprisoned by Riza Shah for espionage—map stealing from the military office at Kerman. In 1944 was in close touch with the Soviet Trade Delegation and was the channel through which Soviet help, in the form of cash, paper or transport facilities, reached the Tudeh Party. In the same year became a member of the Tudeh Inspection Committee and was strongly opposed to the moderate policy then pursued by the Tudeh Central Committee. Appointed secretary of the Central United Council of the Persian Federation of Trade Unions (Tudeh) and, following Louis Saillant's visit to Persia in 1946, was officially recognised by the World Federation of Trade Unions as representative of Persian workers.

In December 1946 complained to W.F.T.U. and British Trades Union Congress of oppression of Persian workers, arrests and victimisation. He appealed for a W.F.T.U. delegation to visit the country to investigate. On arrival of this delegation in February 1947 Rusta was closely associated with the President.

El Aris, and the Russian member, Borisov. His reputation with the Persian workers was strengthened by this delegation. Arrested April 1947 on charges of high treason in connexion with the Azerbaijan secessionist movement. Released on bail of 1 million rials in November 1947, allegedly through intervention of the then Prime Minister Qavam. After his release from prison he avoided the public eye, but worked energetically and quietly consolidating the Tudeh trade union movement and organising a purge of waverers. Is believed to have left for Moscow shortly before the attempted assassination of the Shah and was sentenced to death in the subsequent trial, *in absentia*, of Tudeh leaders.

162. Sadiq, Dr. Isa (Sadiq-i-A'lam)

Born about 1892. Educated partly in England (here he was for a time munshi to Professor Browne) and partly in America, where he took a doctor's degree. Began his career in a very lowly station in the Ministry of Education. Rose to be Director of Education in Gilan. Attended an international congress on education in England about 1929, where he lectured on modern educational methods in Persia. Principal of the Teachers' College (École normale) 1932.

Minister of Public Instruction in Furughi's Cabinet September 1941. On the resignation of that Cabinet in 1942 became dean of the University of Tehran. Again Minister of Education in Subhaili's reshuffled Cabinet of December 1943. Minister of Education in Bayat's Government of November 1944. As chairman of Tehran Telephone Company went to the United Kingdom to buy equipment for the Company in 1947. Minister of Education under Qavam-us-Saltaneh June–December 1947. Deputy for Tehran in the Constituent Assembly April 1949. Represented Persia at the "Peace through Education" conference at Calcutta September 1949. Elected Senator from Tehran October 1949.

An intelligent and go-ahead man speaking English and French. Well disposed towards Anglo-Saxon methods of education. The author of several works on education.

163. Sadiq, Sadiq (Mustashar-ud-Dauleh)

Born about 1865. Educated at Constantinople. Was a secretary at the Persian Embassy in Turkey for many years. Elected a Deputy for Tabriz, his native town, to the 1st Majlis in 1906. Elected President of the 2nd Majlis in 1909. An ardent Constitutionalist he was arrested by Muhammad Ali Shah in 1908 and imprisoned until January 1909. Elected a member of the committee which was convened to draw up the Electoral Law. Appointed Minister of Interior in 1911, Minister of Posts in 1914 and 1915, and again Minister of Interior in 1915 and in June 1917. In the following Cabinet he was a Minister without Portfolio.

Before the war of 1914–18 he was pro-Russian, but when war broke out he espoused the cause of Germany and Turkey, and was one of the most extreme of "enemy partisans." After the war His Majesty's Legation demanded that he be exiled to some outlying province of Persia. From that time, with the exception of a short period in 1921 when he was a Cabinet Minister without Portfolio, he lived a retired life and had little or no influence.

Appointed Persian Ambassador to Turkey in January 1931. Returned to Tehran on retirement at the end of 1935.

Minister without Portfolio in Qavam-us-Saltaneh's Cabinet of August 1942, and continued in that capacity, with vague duties, in Subhaili's Cabinet of February 1943. Highly respected and considered a wit, but almost useless and senile. Dropped from Cabinet December 1943.

Proposed Governor-General of Eastern and Western Azerbaijan, should agreement be reached

between autonomous Azerbaijan "Government" and Central Government. Took part in discussions with mission from Azerbaijan which came to Tehran April 1946 but with no official status.

Speaks French and Turkish.

One of the "fathers of the Constitution" consulted by the Shah before summoning the Constituent Assembly in March 1949, but although he stood for election from Tehran he was not elected. Nominated Senator for Tehran February 1950 and is the "doyen d'âge" of that House.

164. Sadr, Sayyid Muhsin (Sadr-ul-Ashraf)

Born about 1873. An almost unknown person in Tehran politics until appointed Minister of Justice in Furughi's Cabinet of 7th September, 1933. Spent the whole of his previous service in various judicial posts under the Ministry of Justice. Has been president of the Court of Cassation. One of the old school, who looks much better in the turban than in a hat. Was responsible for some of the new sections of the Civil Code. Resigned September 1936.

Minister of Justice in Subhaili's Cabinet of 1943. Said to have been one of the pro-German "Kabud" Party in 1942.

Became Prime Minister on 6th June, 1945. Resigned October 1945. During his period of office he was bitterly attacked by all Left-wing elements and accused of being a reactionary. Did his best to resist Soviet encroachment on Northern Persia, but the pressure was too strong and he was replaced by Hakimi who was less unpopular with the Russians.

In charge of pilgrim train to Mecca on resumption of pilgrimage in autumn 1948. Appointed Governor-General, Khurasan, January 1949.

165. Sa'id (Maragheh), Muhammad (Sa'id-ul-Vizreh)

Born about 1885. Educated in the Caucasus. Served in various capacities in the Persian consular posts in the Caucasus; viz., at Baku, Tiflis and Batum. Acting consul-general at Baku in 1927. Head of the Russian Department of the Ministry for Foreign Affairs in 1933. Appointed Chargé d'Affaires at Moscow in February 1934. Minister at Rome June 1936. Accredited also to Hungary 1938. Ambassador at Moscow April 1938.

Recalled from Moscow to be Minister for Foreign Affairs in Qavam-us-Saltaneh's Cabinet August 1942. Held the post in Cabinet of Subhaili February 1943. In the running for Prime Minister, being favoured for that post by the Shah 1943, but the Majlis would not agree.

Appointed Prime Minister in March 1944. Resigned on 10th November, 1944. After Kavtaradze's arrival he was persistently opposed by the Tudeh and the Russians and was thus able to do little during his tenure of office. His Government's rejection in October 1944 of the Russian demand for an oil concession brought about a crisis which resulted in Sa'id's resignation.

Elected to 15th Majlis for Riza'iyeh.

Member of Regency Council during Shah's visit to the United Kingdom July 1948 and again during his visit to the United States November–December 1949.

Became Prime Minister again November 1948. Resigned March 1950. Nominated Senator for Riza'iyeh April 1950. Ambassador to Turkey, June 1950.

A very agreeable official, whose Russian is better than his Persian. He must have an intimate knowledge of the Caucasus and of Soviet methods of administration. He has a handsome Latvian wife. Always willing to help. Appears to have no delusions about Russia. As Prime Minister from November 1948–March 1950 he showed himself as well-intentioned rather than effective.

166. Sa'idi, Muhammad

Appointed Under-Secretary in the Ministry of Communications April 1944. He was helpful in the prolonged negotiations about payment for the use of the Persian railways during the war and since a settlement was reached has remained consistently helpful. He speaks English well. His wife edited a women's newspaper, *Bamr*.

167. Sajjadi, Dr. Muhammad

Born in 1899 in Tehran. Son of a Mulla. Employed in the Ministry of Justice by the late Davar and later transferred to the Customs as Acting Director-General 1934. Then employed in the Tobacco Monopoly until 1937, when he became Under-Secretary in the Ministry of Communications. Acting Minister of Communications on Ali's dismissal in November 1938.

Minister of Roads in Faruqi's Cabinet of September 1941 and then head of the Tehran Municipality in 1942. Arrested and sent to Sultanabad by the Allied security authorities September 1943. Released at end of war 1939-45.

Director of the Exchange Control Department in the Ministry of Finance in Hakiini's Government of November 1945. Resigned November 1945.

Minister of National Economy under Qavam-us-Saltaneh September-December 1947. Again under Hakiini December 1947-June 1948. Minister of Roads under Sa'id November 1948 but changed to Justice March 1949. Lost office with Sa'id March 1950.

Spent several years in France and speaks French. A talkative and clever man. Married his brother's wife.

Managing-director of Seven-Year Plan, July-August 1950. Governor-General, Isfahan, April-June 1951.

168. Salih, Allahyar

Graduate of the American College at Tehran. Born about 1900. For some years employed as a secretary in the American Legation at Tehran. He then entered the Ministry of Justice, where he held various appointments as judge, public prosecutor, &c. Was transferred to the Ministry of Finance through the influence of Davar, and appointed director of the opium monopoly, and afterwards director of the tobacco monopoly.

Head of the customs for a short time. Then accountant-general.

Sent to Washington on an economic mission 1941. Returned in the autumn of 1942 to be Minister of Finance in the hope that he would work well with Dr. Millspaugh, but he proved a disappointment, quarrelled with Dr. Millspaugh, and was allowed to resign by Suhaili in March 1943.

Sent on a Commercial Mission to India September 1943. Member of the Persian Delegation to San Francisco and spent some time in London on his way back to Persia. Minister of the Interior in Hakiini's Cabinet November 1945 to January 1946 when he dismissed Ghulam Husain Ibtihaj, the pro-Sayyid Zia Mayor of Tehran and replaced him by Nariman, as being more acceptable to the Russians.

In Hakiini's Cabinet he was regarded as the leader of the appeasement group. Minister of Justice August 1946; resigned October 1946. Successful in first stage Senate elections in Tehran October 1949. Unsuccessful in 16th Majlis elections in Tehran but elected from Kashan April 1950. Member of the Majlis Oil Commission June 1950 and chairman of the Mixed Oil Commission May 1951. A member of the National Front.

An intelligent and able but embittered man. Speaks French and English.

169. Salih, Dr. Jahanshah

Born 1904, brother of Allahyar Salih. Educated at the American College, Tehran, and in America where he qualified as a doctor in 1933. After post-graduate work in America he returned to Persia where he now holds the headship of various hospitals. He is Dean of the Faculty of Medicine at Tehran University where he holds the professorship of anatomy and gynecology. Served in the Finance Department before taking up medicine. Minister of Health under Razmara, June 1950-March 1951.

Married to an American. Speaks English and French.

170. Sami'i, Husain (Adib-us-Saltaneh)

Born about 1878, a native of Resht. Spent his early career in the Ministry of Interior and was once Governor of Resht. Appointed Minister of Public Works 1921 to June 1922. In March 1923 he became Minister of Interior for three months. When the late Shah became Prime Minister in October 1923, Sami'i was chosen as his assistant, until, in August 1924, he was appointed Minister of Justice. Early in 1926 he was appointed Governor of Tehran and held that post until he was appointed Minister of Interior in June 1927. Appointed Governor-General of Azerbaijan in May 1931. Grand Master of Ceremonies (Internal) 1938. Dismissed during the Crown Prince's wedding celebrations April 1939. Ustandar (Governor-General) of the IVth Ustan (Western Azerbaijan) July 1939.

Ambassador to Kabul 1939. Returned to Tehran July 1942 and became Minister of State, without portfolio, in Qavam-us-Saltaneh's Cabinet of August 1942. Appointed Minister of the Interior by Suhaili in July 1943, ostensibly in order to supervise the elections to the 14th Majlis, but he soon resigned. President of the Farhangistan (Academy) at Tehran 1943. Grand Master of Ceremonies 1943-1949.

Went to Russia at invitation of Soviet Government for anniversary of Science Academy in Tashkent 1945.

Member of Regency Council during Shah's visit to the United Kingdom July 1948, and at the same time Acting Minister of Court. Deputy for Resht to Constituent Assembly April 1949. Elected Senator for Resht September 1949. Also successful in first stage of Senate elections in Tehran October 1949.

Sami'i is a pleasant man, but of little influence. He is not very energetic nor highly intelligent. He speaks a little French.

171. Sayyah, Hamid

Born in Isfahan 1886. Brother of Humayun Sayyah. Educated at Moscow. Entered the service of the Ministry for Foreign Affairs in 1916. For some time a judge in the Tribunal of the Ministry. Commercial secretary at Moscow 1922-26. A director of the Caspian Fisheries Joint Board 1927-31. Chief of the Russian section at the Ministry in 1932. In charge of the Eastern Department 1933. Consul-general at Beirut March 1934. Minister at Warsaw June 1936.

Minister of Posts and Telegraphs in Faruqi's Cabinet of September 1941, and was most helpful to us. Again Minister of Posts and Telegraphs in Qavam-us-Saltaneh's Cabinet of August 1942 until January 1943. Minister of Posts and Telegraphs again December 1943. Minister of Communications in Sa'id's Cabinet March-August 1944. Accompanied Qavam to Moscow in February 1946. Appointed minister to Moscow March 1946. Returned October 1946 and became Minister of Commerce and Industry until June 1947. Re-appointed Ambassador at Moscow November 1947. Recalled April 1949 and appointed Minister of Roads (Sa'id) May 1949. Transferred Ministry of Roads September 1949. Dropped January 1950.

Speaks French and Russian. Married his cousin, Fatimeh Khanum Sayyah, but afterwards divorced her. An agreeable but not a brilliant personality. He knows too much about Russian methods ever to incline towards bolshevism. A good bridge player.

172. Sayyah, Kazim

Born about 1892. A family of Turkish descent, sometimes calling themselves Sayyah-Sipanlu, and not related to Hamid Sayyah. Served in the Turkish army in the 1914-18 war, and taken prisoner by the British troops 1917. Then employed in the Caucasus where he had various adventures in 1920 and 1921. A strong supporter of Sayyid Zia in the latter's *coup d'Etat* of 1921, and when the Sayyid fell he fled with him to Switzerland. Returned to Persia about 1923 and was imprisoned by Riza Shah for some time. Then employed under the Ministry of Industry in supervising the factories at Isfahan. Was also in charge of the Fine Arts Department at that place 1940 to 1942. Fell under suspicion as pro-German owing to his relations with the factory engineers, most of whom were Germans. Transferred to Tehran 1942 and put in charge of the glycerine factory. In 1943 employed by the Americans in the price stabilisation section of the Ministry of Finance. Appointed "Rais-i-Intizam" or head of the organisation section of the Ministry of Interior 1944. Kazim Sayyah is well known as a strong supporter of Sayyid Zia. His appointment as "Rais-i-Intizam," therefore, raised an outcry by all Left-wing elements and by those who favoured a policy of appeasement towards the Russians. Appointed one of the directors of the Tehran Electricity Company 1945. Director-General in Ministry of Labour and Propaganda April 1947. 1949 employed in the Factories and Industries Department of the Seven-Year Plan. Head of the Cotton Company of the Seven-Year Plan, February 1951.

Governor-General of Mazandaran April 1951. A man of the world, capable of good work, and claims to be well-disposed towards us. Married to a Greek.

173. Shakhbakti, Muhammad, General (Sipahbud)

Born about 1882, the son of a peasant inhabiting the village of Ishthar, near Tehran, but has now been heard to describe himself as a native of Azerbaijan, possibly to cover up his humble origin.

He enlisted in the Cossack Brigade about 1901, distinguished himself by bravery in the field, and received a commission. In 1914 he was a captain. He attached himself to Riza Khan, whose influence with General Starosselsky secured him promotion to the rank of colonel in 1919. After the *coup d'Etat* of 1921 he was appointed to command the Ahan regiment of infantry. In 1925 he was promoted brigadier and given command of an infantry brigade in Tehran. In 1926 he was sent to command the western division, but was recalled in the spring of 1928 for corruption; he was appointed shortly afterwards to command the Persian troops in Kurdistan. In December 1928 he was sent to command the troops in Fars, but was superseded by General Shaibani.

Appointed to command the troops in Azerbaijan in 1932. Promoted to the rank of Amir Lashgar (major-general) in March of that year. Transferred to Ahwaz as general officer commanding January 1939.

Appointed commander of the western forces October 1941, with the rank of general (sipahbud). Controlled the Kermanshah area pretty thoroughly, ignoring completely the civil governor, till he was transferred to Fars to quell the Qashqa'is under Nasir Qashqa'i in February 1943. He was not very

successful in that campaign and after the defeat of the garrison at Sianrum in July 1943 came to Tehran to report. Suspected of taking large bribes when at Kermanshah and again from the Qashqa'is.

Placed on the retired list October 1943. Recalled to active list 1947. Appointed Inspector of Troops in Azerbaijan, which appointment was changed to Commander-in-chief of Forces in Azerbaijan early in 1949. Though somewhat arrogant, he is a very charming old man and has a great reputation in Azerbaijan where his activities and strength of character made it impossible for any strong governor-general to co-exist with him.

An almost entirely uneducated survival from the Cossack Brigade, resembling in appearance the more famous product of that corps, Riza Shah.

In the early hours of 13th April, 1950, was sent to Ahwaz as Governor-General of Khuzistan and Commander of the Forces of the South in order to restore order after the riots in Abadan. He did not, however, go to Abadan until 26th April. Recalled end May 1951.

174. Shahrugh, Bahram

One of the six sons of Arbab Jamshid Shahrugh, formerly Zoroastrian Deputy in the Majlis and murdered by order of Riza Shah during the last war. He has studied in Germany and has visited England several times.

Married to a German, by whom he has three children. During the war he was in Berlin and constituted himself leader of the Persian colony there, displaying strong pro-German sympathies. For a considerable time he broadcast in Persian from Berlin radio, his talks being listened to eagerly in Persia on account of their eloquence and vitriolic invective against the British. In the latter days of the war he saw which way the wind was blowing, left Germany for Turkey and completely abandoned his German friends. After returning to Germany for several months he decided to settle in Persia. He is agent for Gestetners and is trying to obtain agencies for German firms.

In addition to his commercial activities Shahrugh takes a keen interest in politics having managed to gain the confidence of many prominent politicians. Appointed Director-General of Press and Propaganda by Sa'id September 1949 and despite much opposition from the press and other circles held on to the post, in which he showed commendable energy and zeal until June 1950 when he was appointed a Director of the Irrigation Board. Again Director-General of Press and Propaganda November 1950-January 1951. Shortly after Musaddiq came into power he was obliged to leave the country as a warrant was out for his arrest. He went to Germany where he still is.

He is clever, confident and his chequered career shows him to possess considerable courage and an unlimited capacity for intrigue. In spite of his European upbringing he is a genuine Persian at heart, combining considerable patriotism with unlimited vanity. His political ambitions are much hampered by his being a Zoroastrian. He still hankers after national socialism which he thinks may have a future in Persia. Now claims to be strongly pro-British and pro-American.

Speaks excellent German, English and French.

175. Shams-ul-Mulk Ara'i, Asadullah (Shahab-ud-Daulah), K.C.V.O.

A Qajar prince. Born about 1880. Educated in Persia. For many years employed in the Telegraph Department. Governor of Yazd in 1911. Minister of Posts and Telegraphs 1914-15. Minister of Public Works 1915. Master of Ceremonies at the Court 1922-25. Governor of Kermanshah 1929. Recalled 1933, and appointed Governor of Kurdistan in

October 1934. Recalled April 1936, owing, it is said, to having incurred the displeasure of the Shah through not accelerating reforms in his province.

Holds the dignity of K.C.V.O., received when in attendance on Ahmad Shah during his visit to London in 1919.

Governor-General of Fars early 1942, but was superseded in the following summer, without having accomplished much. Governor-General of Kermanshah October 1946.

A rather pompous man, said to be a great intriguer; but he is not averse to the society of foreigners, and probably regrets the good old days.

Speaks English and French fluently.

176. Siasi, Dr. Ali Akbar

Born 1893. Educated in France 1911 and stayed in France till the outbreak of the 1914 war. Took a course in pedagogy. Employed as dragonian and Persian secretary at the French Legation from about 1917 to April 1941. At the same time he was instructor in psychology and law at the University of Tehran; later professor. Went to Europe 1927 and took a further course in France, obtaining a doctorate in philosophy. Married the daughter of the late Bayat, and so acquired wealth. One of the founders of the French-sponsored "Young Persian Club" in 1921.

Minister of Education August 1942. Resigned from Suhaili's Cabinet in August 1943. Dean of the University of Tehran. Minister without Portfolio in Bayat's Government 1944.

Member of Persian delegation to San Francisco Conference March 1945. Visited United Kingdom after the conference.

Invited by Soviet Government to visit Tashkent for the twentieth anniversary of the Science Academy there December 1945.

Minister of Education in Hakimi's Cabinet December 1947. Resigned April 1948 after being attacked in the Majlis for saying that the university should be free not only from political but also from religious control. Arrested after the attempted assassination of the Shah at the university 4th February, 1949, but immediately released. Successful in first stage of Senate elections in Tehran October 1949. Minister for Foreign Affairs (Sa'id) January-February 1950. Leader of Persian delegations to various cultural conferences including U.N.E.S.C.O. June 1951.

An intelligent man with a perfect command of French; his outlook is more French than Persian in some respects. Always polite and agreeable to talk to. Is also able to make a very good speech in English.

177. Sipahbudi, Anushirvan

Born in Tehran about 1890. Educated in Tehran. Entered the service of the Ministry for Foreign Affairs in 1907 and worked there till 1910. Vice-consul at Vladikavkaz in 1910, and thereafter served at different posts in the Caucasus till 1918. Then chief of a section at the Ministry; in charge of the Protocol Department in 1926. Minister in Switzerland 1929-33. Under-Secretary at the Ministry for Foreign Affairs July 1933. At the beginning of 1934 made minister at Rome, being accredited also to Vienna, Prague and Budapest. Ambassador at Moscow June 1936 until April 1938. Minister, Paris, July 1938 and also accredited to Spain in June 1939.

Ambassador to Turkey 1940. Minister for Foreign Affairs June-October 1945. Minister for Justice in Qavam's Cabinet February 1946. Ambassador in Paris August 1946. Appointed Minister for Foreign Affairs by Qavam in June 1947, but did not take up his post. Recalled to Persia February 1948. Nominated Senator for Tehran and also appointed Master of Ceremonies at the Court February 1950. Accompanied the Shah to Pakistan March 1950. Resigned

his post as Master of Ceremonies after the marriage of the Shah, February 1951.

A man of no particular family, he made his way to the top while still young. Speaks French and Russian. Is quite well supplied with brains, but is often too lazy to use them. On friendly terms with Shah. Hates Russians.

178. Sipih, Ahmad Ali (Muvarrikh-ud-Dauleh)

In June 1942 he was mixed up in a German plot involving Qavam-us-Saltaneh and Husain Ali Qaraguzlu (not the same man as No. 139). Was Under-Secretary to the Ministry of Commerce and Industry at the beginning of 1944. In February 1944 became Acting Minister of Commerce and Industry. He was removed from the Ministry of Commerce and Industry in the summer of 1944 and remained without an appointment until August 1945 when he was appointed head of the Caspian Fisheries, a post which brought him into close touch with the Russians. Closely associated with Qavam-us-Saltaneh and joined the Cabinet as Minister for Commerce and Industry in 1946. Dismissed from Cabinet and banished to Kashan July 1945. Permitted to return to Tehran December 1946.

For a time remained in retreat but reappeared in social life after Qavam's fall in December 1947. In June 1948 tried to get himself put up as Prime Minister but only obtained the support of a few unimportant newspapers and was never considered a serious candidate. Successful in the first stage of Senate elections in Tehran October 1949.

Has a bad name for intrigue.

179. Suhaili, Ali

Born about 1890. Educated partly in Russia and talks Russian well, also French and a little English. His career has been in various Government administrations. In January 1931 was appointed Under-Secretary at the Ministry of Roads and Communications under Kazimi. In September 1933 he was transferred to the Ministry for Foreign Affairs as Under-Secretary, when Kazimi was appointed Minister. Suhaili had also served as chief Persian representative on the board of the Caspian Fisheries Directorate. Several times Acting Minister for Foreign Affairs in the absence of his chief. Minister in London March 1937. Minister for Foreign Affairs May 1938, but dismissed in July, owing to the late Shah's displeasure over a telegram concerning the Paris Exhibition. Ustandar (Governor-General) of the VIIIth Ustan (Kerman) February 1939. Ambassador, Kabul, October 1939.

Became Prime Minister, rather unexpectedly, in March 1942, after having been Minister for Foreign Affairs in Furughi's Cabinet from September 1941 (during which time he was the Persian signatory of the Tripartite Treaty of February 1942). His Cabinet fell in July 1942, partly owing to lack of support from the Court and the army. Again Prime Minister on the fall of Qavam-us-Saltaneh in February 1943, once more unexpectedly; this time it was largely because Mu'tamin-ul-Mulk could not stand and the Majlis did not want the Shah's candidate, Sa'id. Proved himself once more a hard worker, but carried little weight in the country and had to maintain himself by various "combinations" and political deals with Majlis Deputies.

During 1944-45 he was frequently a strong candidate for the Premiership but was suspected by many of being too well-disposed towards the Russians. Went to Egypt in the summer of 1945 and was made member of the Persian delegation to U.N.O. in January 1946.

Was tried in February 1948 for illegal interference in the elections for the 14th Majlis and on other

political charges, but was acquitted. Minister without Portfolio in Hakimi's Cabinet March 1948. Appointed Ambassador to Paris June 1948. Also accredited as Minister at Lisbon January 1950. Transferred to London, August 1950.

A very reasonable, matter-of-fact person, with a businesslike manner. Hard working and approachable. In his contacts with His Majesty's Embassy he has always given the impression of his willingness to help and to arrive at a reasonable settlement. He has the reputation of being a liar and of rarely keeping his word.

He is universally suspected of having taken a great many bribes. Has a Caucasian wife.

180. Sururi, Muhammad

Born about 1900. Served in various Government Departments, being one of the favoured young men selected by Davar, then Minister of Justice, when he revised the organisation of the Ministry in 1929. Has been judge in the Tehran courts, and Under-Secretary at the Ministry of Justice. Director of the Agricultural Bank 1942, but removed from that post June 1943. Posted to the Ministry of the Interior to look after it till Hazhir's return, January 1944. Minister of Interior in Sa'id's Cabinet of August 1944 and again in Bayat's Cabinet in November 1944-June 1945. He did well, but incurred the displeasure of the Tudeh party when he arrested the worst of the professional toughs of Tehran and imprisoned them in Bandar Abbas.

Minister of Justice under Hakimi December 1947-June 1948. Elected Senator from Tehran October 1949. Chairman of Administrative Purge Commission July 1949 but resigned on grounds of ill-health November 1949. Member of Mixed Oil Commission May 1951.

Businesslike and said to be honest. Lacking in real initiative, but carries out orders efficiently.

Brother-in-law of the deputy Malik Madani.

181. Tabu, Dr. Abdul Husain

Born in Tehran about 1911. Educated in medicine in England and qualified in medicine and surgery after eight years in Birmingham and at Guy's Hospital. Real name is Tabataba'i of the Yazdi family of that name. Employed by the Anglo-Iranian Oil Company as a doctor 1940-42, and since practising in Tehran. Elected to the 15th Majlis for Na'in, which he also represented in the Constituent Assembly April 1949 and now represents in the 16th Majlis.

A bright young man who seems keen on his profession. Married the youngest daughter of Vusuq-ud-Dauleh.

182. Tabataba'i, Sayyid Muhammad Sa'diq

Second son of the late Sayyid Muhammad Tabataba'i, who was a prominent figure in the Nationalist movement of 1906 to 1910. Born in Tehran about 1880. Elected to the 3rd and 4th Majlises. In close touch with pro-Germans during the war of 1914-18. Emigrated to Turkey in 1916. Returned in 1918 and co-operated with Sulaiman Mirza in forming the Socialist party. During this phase he was in close touch with the Soviet Embassy. Ambassador to Turkey 1924-27. Recalled in 1927 and offered a post as a judge in the High Court of Appeal, but did not accept it.

Was more or less under arrest for about ten years in Tehran until the fall of Riza Shah 1941. Gradually entered political life after that and initiated and fostered the "Millat" party ("The Nation").

Head of the Election Committee for Tehran 1943-44, and himself elected Deputy.

Elected President of the 14th Majlis. An opium addict for thirty years, he frequently found it difficult to keep awake when he was presiding over the Majlis.

Unsuccessful candidate for Tehran in elections for 15th Majlis, but elected from Tehran to the Constituent Assembly, of which he was elected President April 1949. Member of the Regency Council during Shah's journey to Europe July 1948 and again during the Shah's journey to the United States, November 1949, but declined on grounds of illness. Chairman of the Electoral Supervising Committee for the first 16th Majlis elections in February 1949, which were cancelled. In new elections was himself elected.

An incorrigible intriguer he stands close to the Shah to whom he has always offered bad advice. His "liberal" ideas are not to be taken seriously. He and his friends pride themselves on their patriotism and the pursuit of the middle way between Britain and the U.S.S.R. For reasons unknown he is generally regarded as a "national" figure. Would like to be Prime Minister.

Speaks French.

183. Tabataba'i, Sayyid Zia-ud-Din

Born about 1893. Son of the late Sayyid Ali Yazdi Tabataba'i. Edited the newspaper *Rad* (Thunder) in Tehran in 1915-16. Played a considerable political rôle in 1917-18. Sent to Baku by Vusuq-ud-Dauleh in 1919 as Persian representative to Caucasian Azerbaijan. While in Baku he issued a long statement entitled "A new Epoch in the History of Persia." This statement was a spirited defence of the Anglo-Persian agreement of 1919 which, although it had not been ratified by the Majlis, he endeavoured to bring into force during his brief period of office as Prime Minister. Returned to Tehran in May 1920. Carried out *coup d'Etat* with the help of the Cossacks in February 1921, and seized the reins of office. Appointed Prime Minister with full powers by Ahmad Shah on 1st March, 1921, and effected numerous arrests. His reforms were too radical for the country and the time, and he fell from power in June, fleeing the country. He was in the tobacco business while exiled.

Took a prominent part in the Pan-Islamic Congress at Jerusalem in 1933.

Said to have assisted Kazimi in the negotiations with Iraq at Geneva during 1935.

In 1942, being by that time the owner of a very prosperous farm near Chazra in Palestine, which he had developed himself, he began to think of returning to his native country, and Muzaffar Firuz began with great energy and indiscretion to run a newspaper campaign in his favour in Tehran. He published a letter from the Sayyid in which the Russians were praised in fulsome language. His name came forward a good deal in the Tehran press during 1943, and quite a number of Deputies in the 13th Majlis seem to have favoured his return. The Russians and the Shah, however, were steadfastly opposed to his return, the former because they mistrusted Firuz's unfortunate letter, and the latter through fear that the Sayyid might become a dictator. However, he returned to Tehran in September 1943 and was elected to the 14th Majlis from Yazd, his native place. Caused annoyance by insisting on wearing a woollen hat of Caucasian style, and alienated some of his friends by an appearance of stubbornness and obstinacy.

Founded a political party which in the summer of 1945 was officially launched under the name of "Iradeh-i-Milli" or National Will. His followers claimed that the party numbered about 9,000 in Tehran, at the end of 1945. Was the particular bugbear of the Tudeh and the Russians, who never tired of vilifying him as the arch-enemy of his country and the principal tool in Persia of imperialists, reactionaries, &c. During the near-panic which prevailed in Tehran in November-December 1945 as a result of the approach of the Azerbaijan Democrats towards Qazvin many leading politicians

and Deputies began seriously to consider that Sayyid Zia should be exiled from Persia as a sop to the Russians.

His continued opposition to Qavam-us-Saltaneh's pro-Soviet gambits in the beginning of 1946 resulted in his arrest and imprisonment but this was changed to house arrest a year later and shortly afterwards he was released. Early in 1948 the Shah tried without success to enlist his support for his project of constitutional reform. Thereafter Court and Government circles evinced great hostility towards him and he was widely accused of disloyalty and even of pro-Soviet sympathies. There was, however, no concrete evidence to support these charges. On the other hand, although he was mainly preoccupied with his experiments in agriculture, Sayyid Zia-ud-Din was known to have criticised the Shah's "unconstitutional" behaviour. But he remained rabidly opposed to communism and the Russians in general.

After the attempt on the Shah's life in February 1949 he made his peace with His Majesty and has remained on good terms with him since. As a result the number of his enemies has dwindled. Among those elected in the first stage of the Senate elections in Tehran October 1949 but resigned from the electoral college. Was considered an alternative choice to Razmara for the Premiership in June 1950. On the resignation of Ala, April 1951, the Shah agreed to his appointment but the Majlis unexpectedly gave a "vote of inclination" to Musaddiq.

Scrupulously honest, religious, widely read and travelled, of active habits and practical outlook, Sayyid Zia-ud-Din is an unusual Persian. A genuine reformer. Originally a journalist by profession he has become a successful farmer. His main faults are obstinacy and impatience of criticism. He speaks English, French, Arabic and Turkish.

184. Tadayun, Sayyid Muhammad

Born about 1884, a native of Birjand in East Persia; educated in Tehran, where he graduated and became a schoolmaster. After the split up of the original Democrat Party in 1912, Tadayun became the leader of one of the more important Democrat factions. He was elected a Deputy from Tehran to the 4th term of the Majlis, and from Birjand to the 5th and 6th terms. Was elected President of the Majlis in the second half of the 5th term, and again at the beginning of the 6th term. In February 1927 he was appointed Minister of Education, but in December he resigned that appointment owing to disagreement with his colleagues in the Cabinet, but he resumed office nine days later at the personal request of the Shah. On 7th January, 1928, the Shah ordered him to resign, and his fall was said to be due to the personal animosity towards him of Taimurash. In June 1930 he was appointed Governor of Kerman.

He was recalled from Kerman in March 1931, and he appears to believe that one reason for his recall was that he was too friendly with Lieutenant-Colonel Noel, then British Consul.

Returned to politics on the fall of Riza Shah: was Minister of Education in Furughi's Cabinet of 1941-42, and spoke eloquently in favour of the Tripartite Treaty of 1942. Minister of Food after Farrukh in 1942; resigned in July 1943. Minister of the Interior September 1943 and did well in running the elections, but was not included in the reshuffled Cabinet of December 1943. Tried in summer of 1947 on a charge of interfering with elections for 14th Majlis and acquitted. Elected Senator for Khurasan September 1949. Also successful in first stage of Senate elections in Tehran October 1949.

A pleasant man of dignified mien; very friendly to us. He exerts a certain influence in political circles. His aspirations to Ministerial office are now hampered by ill-health.

185. Tahiri, Dr. Hadi

Born at Yazd about 1888. Son of a mulla. Formerly a landowner and proprietor of various concerns at Yazd. A great rival of the Navvab family of Yazd. Elected to the Majlis on various occasions, and has served as president of the Financial Commission of the Majlis. In the 13th Majlis was one of the Vice-Presidents and was considered one of the leading members of the Majlis. Served on the Committee of the Anglo-Iranian Relief Fund, 1943, and was helpful in providing local knowledge. Was largely responsible for the success of Sayyid Zia-ud-Din in the Yazd elections of 1943, thereby incurring the dislike and distrust of the Shah. Very friendly to us. Accused of various pecuniations at Yazd, but nothing was proved.

In the 14th Majlis he was, with Sayyid Kazim Jalili Yazdi, the most influential Deputy. Bitterly anti-Soviet he worked hard to maintain the Majlis majority against Soviet pressure.

Arrested November 1946 for political activities against Qavam-us-Saltaneh. Released February 1947. Appointed Minister without Portfolio under Sa'id November 1948. Resigned September 1949 to stand for the 16th Majlis, to which he was elected from Yazd.

Though very slow in speech and manner he is extremely astute and had a profound knowledge of his Majlis colleagues and particularly of their weak points. Though patriotic he would not allow his patriotism to interfere unduly with his personal interests in Yazd. He has a congenital aversion to the obvious course and delights to achieve his objectives by devious means through the agency of others.

186. Taqizadeh, Sayyid Hasan

Born in Tabriz about 1880, the son of a small preacher. He was educated in his native town, and used to haunt the booksellers' shops, where he showed great eagerness to acquire knowledge. In his early youth he was an ardent Nationalist, and was connected with the Nationalist movement in Persia from the beginning. He was elected to the 1st term of the Majlis and was one of its most prominent members.

In the *coup d'Etat* of 1908 Taqizadeh took refuge in His Majesty's Legation and as a condition of his amnesty went to the United Kingdom. Returned late 1908 and played prominent part in 2nd Majlis. Elected to 3rd and 4th Majlis *in absentia*. He stayed in Europe and America during the whole period from 1914 to 1923 and was for years in Berlin, where he edited a paper called *Kaveh*. He negotiated the Perso-Soviet Commercial Treaty in Moscow in February 1921, and finally returned to Persia in 1924. Member of 5th and 6th Majlis. Appointed Governor-General of Khurasan in January 1929; he was recalled in May and appointed Persian Minister in London, where he remained until April 1930, when he returned to Persia and became Minister of Roads and Communications. In August 1930 he was appointed Minister of Finance in addition.

Taqizadeh fell from grace in September 1933, for reasons which are obscure. The Shah is said to have suspected him of intrigue with Majlis members in connexion with the purchase of gold. He was, however, soon re-employed as minister in Paris.

Recalled from Paris in August 1934, but obtained prolonged leave of absence and did not return to Persia. Appointed Persian representative at the Congress of Orientalists at Rome in September 1935. Appointed minister in London by Furughi 1941 and became ambassador in 1944. Headed Persian Delegation to the United Nations Organisation in London in January 1946 and ably presented the Persian case when the Security Council considered the Perso-Russian dispute about Azerbaijan. Appointed to act as Persian representative in winding up the League of Nations in Geneva March 1946.

Elected Deputy for Tabriz in 15th Majlis and as the five years of his appointment in London had ended he agreed to return to Persia to take his seat. As an old friend he helped Hakimi when the latter became Prime Minister in December 1947.

In a speech in the Majlis in January 1949 he said that he signed the 1933 A.I.O.C. Concession under emphatic orders from Riza Shah and against his better judgment. This brought into being a vociferous school of thought that the concession was therefore invalid and thereby provoked the demand for its revision.

Elected to the Constituent Assembly April 1949, but did not attend because of "illness." Elected Senator from Tehran October 1949 and President of the Senate on its inauguration in February 1950. Re-elected President, April 1951.

He is married to a German and talks German fluently. He speaks English and French less well.

187. Tihrani, Sayyid Jalal-ud-Din

A famous astronomer who first appeared on the political scene when he became Minister without Portfolio under Qavam just before the latter's fall November-December 1947. Successful in first stage of Senate elections in Tehran October 1949. Minister without Portfolio under Sa'id November 1949. Transferred to Posts, Telegraphs and Telephones January 1950, and retained this office under Mansur April-June 1950. Appointed Guardian of Meshed Shrine June 1951.

188. Valatabar, Abul-Fath, K.B.E. (Hishmat-ud-Dauleh)

Born about 1885. A member of the Tabataba'i family of Tabriz. A chamberlain of Muzaffar-ud-Din Shah when the latter was Crown Prince residing in Tabriz. Private secretary to Muhammad Ali Shah before he came to the throne, and continued in that post till 1909. An open enemy of the Nationalists. Governor of Resht in 1915. Minister of War 1916-17. Governor of Kerman 1918-19. Minister of the Interior 1920. Imprisoned by Sayyid Zia. Governor-General of Khurasan May 1924; resigned the next year owing to differences with the military authorities. Aspired to employment in a suitable post at court, and attained an appointment as a kind of chamberlain at the court in 1943. A respectable old-timer who helped us during the 1914-18 war and received a K.B.E. He took no part in politics during Riza Shah's reign.

Appointed Governor-General, Azerbaijan, April 1949. Represented Tabriz in Constituent Assembly April 1949. Surrendered Governor-Generalship on being nominated a Senator for West Azarbaijan February 1950.

Has owned large properties near Tabriz, but has spent most of his substance. Speaks French.

189. Varasteh, Muhammad Ali

Was Under-Secretary to the Ministry of the Interior and in 1942 was transferred to the Ministry of Finance. 1944-46 Governor-General of Isfahan, where he enjoyed the support of the Shah and was considered by His Majesty's Consul to have been honest and done his best to maintain law and order. Minister of Post and Telegraphs in Hakimi's Cabinet December 1947-June 1948. Joined Hazhir's Cabinet as Minister of Finance September-November 1948. Governor-General Kerman August 1949-February 1950. Minister of Health (Mansur) April 1950, but transferred to the Ministry of Finance later the same month. Resigned shortly before fall of Cabinet June 1950.

Minister of Finance under Ala March 1951 and continued in same office under Musaddiq May 1951. Led the Persian delegation to the A.I.O.C. negotiations June 1951.

Regarded as an honest but not very forceful man.

190. Vusuq, Hasan, G.C.B. (Vusuq-ud-Dauleh)

Born about 1868. Began his career in the Ministry of Finance. Elected a Deputy to the 1st and 2nd terms of the Majlis, and in 1909 chosen to be a member of the Nationalist Committee, which directed the affairs of State after the abdication of Muhammad Ali Shah. His first Cabinet appointment was as Minister of Justice in October 1909. In the following month he became Minister of Finance, but resigned in July 1910. In July 1911 he became Minister for Foreign Affairs. Again Minister for Foreign Affairs in January 1913, he left for Europe in June of the same year. Minister for Foreign Affairs July-August 1914 and Minister of Finance August-December 1915. Prime Minister and Minister for Foreign Affairs August 1916 to May 1917. Prime Minister and Minister of Interior from August 1918 to June 1920. Negotiated the Anglo-Persian Convention of 1919. Visited Europe in June 1920, and only returned to Persia at the beginning of 1926. Appointed Minister of Finance in June 1926, but resigned in November to take his seat in Parliament. Elected as a Deputy from Tehran to the 7th term of the Majlis 1928-30. Appointed president of the new "Academy" for the revision of the Persian language December 1935.

A man of great ability and character. He became unpopular over the Anglo-Persian Convention, but, after a most able and convincing defence of his acts as Prime Minister during the period 1918-20 before the Majlis, he regained a large measure of popularity.

Went to Europe for a serious operation 1940; survived it, unable to return to Persia; he was appointed ambassador to Turkey by his brother, Qavam-us-Saltaneh, in 1942, but could not proceed. Returned to Persia summer 1946.

Died February 1951.

191. Yazdan Panah, Martiza, General (Sipahbud)

Born about 1891; son of Mirza Ali Akbar, a small shopkeeper in the village of Sardasht. In 1907 he entered the Cossack Cadet School. Received his commission in 1912, showed strong pro-Russian sympathies, and consequently gained rapid promotion. Made lieutenant-colonel in 1919 and colonel in 1920. During the whole of his service he was intimate with Riza Khan, and accompanied him on the march to Tehran in February 1921 which culminated in the *coup d'Etat*. Was promoted general and given command of the Central Division. In July 1927 he fell from favour, and was put under arrest for an unknown reason, but released very soon. In the autumn of 1928 he was appointed inspector of the gendarmerie, but was superseded in 1930 and left without any active command.

Inspector of Infantry in 1932. Commandant of Tehran Cadet College 1933.

On the fall of Riza Shah, he became Chief of the General Staff, and worked as a loyal supporter of the young Shah.

Appointed adjutant-general to the Shah autumn 1943, a post he still retains. Member of the Perso-Soviet Cultural Relations Committee February 1944.

Leader of military contingent chosen to represent Persia at Victory Parade in London June 1946. Minister of War in Hakimi's Cabinet December 1947-June 1948; Minister of Roads (Sa'id) September 1949; transferred to Ministry of War January 1950 and retained this post under Mansur April-June 1950. As Adjutant-General accompanied the Shah to the United States November-December 1949, but not to Pakistan March 1950.

He is active, honest, genial and staunchly patriotic. He is one of the few senior army officers who are incorruptible.

Speaks French and Russian and has a Russian wife.

192. Yazdi, Dr. Mortiza

Born about 1900. Educated in Germany where he is reported to have joined the Communist Party. Often represented Tudeh workers in negotiations between them and their employers. In early months of 1946 made a tour of the south and south-east in an effort to whip up Tudeh support and was responsible in large measure for the troubles in Isfahan in April of that year. A member of the Directing Committee of the Russo-Persian Cultural Relations Society 1946. Minister of Health under Qavam-us-Saltaneh in August-October 1946 when he used his position to fill important posts in the Ministry with Tudeh members and sympathisers.

After the attempt on the Shah's life he was tried with other Tudeh leaders and sentenced to five years' solitary confinement April 1949. Escaped with other Tudeh leaders December 1950.

193. Zahidi, Faslullah (Basir-i-Divan), Major-General (Sarlashgar)

Born in Hamadan about 1890. His father was for many years in charge of the late Nasir-ul-Mulk's property at Hamadan. Joined the Constitutional movement and was wounded. Joined the Cossacks and thus came into contact with Riza Khan, under whom he served. Commanded the troops at Shiraz in 1922. In 1924 commanded the troops sent to Khuzistan, and helped to arrest the Sheikh of Muhammerah in 1925. Transferred to Resht in 1926, where he commanded the Northern Independent Brigade. Recalled to Tehran December 1928. Commanded the Road Guards 1929. Arrested and degraded for neglect of duty in 1929. Soon after he was pardoned and reinstated. Chief of Police 1931. Relieved of this post after a few months owing to the escape of some prisoners from prison. Dismissed from the army in 1931. Turned his attention to business and became a partner in the "Kazadema" Ford agency. Reinstated in the rank of general 1932 and made aide-de-camp to the Shah. Member of the Iranian commercial delegation to Russia in April 1935, and subsequently visited Central Europe.

Commanded troops at Isfahan 1942, and gradually took charge of all departments of Government; proof was found that he was working with the Germans, and he was arrested by British troops and taken out of Persia in the autumn of 1942. Released in 1945. Appointed Inspector of the Forces of the South July 1946. Placed on the retired list June 1949. Successful in first stage of Senate elections in Hamadan autumn 1949. Appointed Chief of Police November 1949. Nominated Senator for Hamadan February 1950 while retaining Chief of Police. Forced to resign from this post May 1950, largely owing to the activities of Razmara, Chief of the General Staff.

Joined Ala's Cabinet as Minister of the Interior April 1951 and continued in this office under Musaddiq May 1951. Resigned August 1951 following fighting between Tudeh and Dr. Baga's party which he, as Acting Chief of Police, failed to prevent.

More of a politician than a soldier. Made a good deal of money in Khuzistan. Being capable of generosity he was not unpopular with the troops under his command. As Chief of Police showed himself active and enterprising and gained a certain popularity.

Married the daughter of Husain Pirnia (Mu'tamin-ul-Mulk) in 1927, but divorced her and subsequently married one of the rich Ittihadieh family.

194. Zand, Ibrahim

Born about 1890. Educated at the Cadet College at St. Petersburg. Then sent to study law in France, where he was a contemporary and friend of Javad

Amiri. Towards the end of the 1914-18 war became an active member of the Musawat Party in Azerbaijan, and in 1919 became a member of the short-lived Azerbaijan Government. After its fall he went back to France, and a few years after returned to Persia, where Davar employed him in the Ministry of Justice as an adviser. He was subsequently transferred to the Ministry of Finance, and in 1938 became a member of the board of the National Bank. On the appointment of A. H. Ibtihaj as director of that bank he left the bank and was employed at Court as Comptroller of the Royal Accounts. Minister of War in Suhail's third Cabinet December 1943. Minister of War in Sa'idi's Cabinets March and April 1944, in Bayat's Cabinet November 1944. Hakim's Cabinet May 1945 and Sadr's Cabinet June 1945. Governor-General, Isfahan, January 1949-February 1950, when appointed Minister of the Interior by Sa'idi. Continued in this office under Mansur for a few weeks and then appointed Governor-General of Azarbaijan April 1950. Replaced Ibtihaj as governor of the National Bank July 1950. Appointed Ambassador to Turkey August 1951.

Suffers from ill-health and has made frequent trips to Palestine for treatment. A patriotic and honest man with a background of military training of the Russia of Tsarist days. Had sound ideas about eliminating corruption in the army but lacked courage to enforce his will.

Married to the sister of Farajullah Bahrami. Speaks Russian extremely well, probably better than Persian.

195. Zanganeh, Dr. Ahmad Ibrahim

Born c. 1909. Director of Industrial and Mining Bank and for a time managing director of this bank. He had been connected with the Planning Organisation of the 7-Year Plan for some time before being appointed a member of the Council of the Plan on its creation in May 1949. Resigned to become Minister of P.T.T. under Ala April 1951. Managing-Director of Plan Organisation May 1951. Has shown keen interest in economic development schemes. Said to be progressive and active.

196. Zarin-Kafsh, Ali Asghar

Born about 1885, of a Tehran family of Kurdish descent. Educated at the Political School in Tehran, and employed in the Ministry for Foreign Affairs in subsidiary posts for several years. In 1923 and 1924 was head of a section of the Ministry and was always very courteous and helpful whenever referred to by members of this embassy. Served as "chef de Cabinet" to Farughi while the latter was Minister for Foreign Affairs. He was subsequently posted to Washington, where he spent more than a year as secretary to the Persian Legation. He was recalled to Tehran in about 1927, and served in the Ministry of Justice for a time under Davar, at the time when the Ministry was being fundamentally re-formed. He was for a time a judge of the Cour de Cassation. He then was transferred to the Ministry of the Interior, where he was serving as Under-Secretary when the Minister of the Interior, Ali Mansur, was transferred to the Ministry of Roads on 26th January, 1933. From thenceforward he served as Acting Minister of the Interior until Farughi's Cabinet was formed in September 1933.

Proceeded to England as commissioner of the Persian Government with the Anglo-Persian Oil Company in December 1933, with his wife and two children. Honorary counsellor to the legation in London 1937.

Returned to Persia December 1940. Under-Secretary at the Ministry of Justice from 1941. Has always been helpful in settling cases and giving advice on points of Persian law. On Hikmat's resignation from

Suhail's Cabinet in June 1943, became Acting Minister of Justice, but on the appointment of Sadr as Minister returned to the post of Under-Secretary. Minister of Finance 1944. Appointed chairman, Industrial and Mining Bank February 1948. Replaced towards the end of the year. In 1950, on his return to Persia from England where he had a serious operation, was appointed to the Majlis Committee supervising the Seven-Year Plan.

Speaks English and French.

Zarin Kafsh is honest and socially most pleasant. In 1945 he joined the Iradeh-i-Milli Party and has a very high regard for Sayyid Zia.

197. Zirakzadeh, Engineer Ahmad

Born c. 1904. Studied construction engineering at the Ecole Polytechnique, Paris. At one time chief engineer to the Persian Navy. Engineering adviser to Ministry of Finance 1942.

Closely associated with the National Front in its early days and took "bast" in the Palace with Dr. Musaddiq in protest against the conduct of 16th Majlis elections in Tehran, October 1949. Editor of National Front organ *Jibheh*; considered to be on the Left-wing of the National Front and to have Tudeh sympathies. Under-Secretary at Ministry of National Economy May 1951.

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No. 133

PERSIA: HEADS OF FOREIGN MISSIONS

Sir F. Shepherd to Mr. Bevin. (Received 18th January)

(No. 11. Confidential) *Tehran,*
Sir, 10th January, 1951.

With reference to my predecessor's despatch No. 267 of 1949, I have the honour to transmit herewith a report on Heads of Missions in Tehran.

I have, &c.

F. M. SHEPHERD.

Enclosure in No. 133

Heads of Missions

Afghanistan

Ambassador: Rahimullah Khan (3rd February, 1947).

For some years Minister of Mines and Public Works and Roads at Kabul. A self-effacing little man but agreeable and helpful. The Shah has used him to try and bring about at least a radio propaganda truce between Afghanistan and Pakistan in connexion with the Pathanistan dispute, but the Ambassador, though apparently willing, has had no success.

Argentina

Vacant. Chargé d'Affaires: Antonio Ruccio (9th May, 1950).

Does not apparently speak anything but Spanish and has nothing to do.

Austria

Minister: Clemens Wildner (7th April, 1949).
A diplomat of the old school who resides at Ankara.

Belgium

Vacant. Chargé d'Affaires: Comte Jean D'Ursel (15th June, 1950).

Had a distinguished record in the Belgian Resistance and spent three years in a German concentration camp. Tehran was his first appointment abroad. Perhaps a little too pleased with himself, but both he and his wife are very friendly and speak excellent English.

Brazil

Minister: Ruy Pinheiro Guimarães (8th November, 1950).

Very friendly in manner but a dreadful chatterbox and bore.

Chile

Minister: Manuel Garreton (20th June, 1946).
Resident in Ankara.

China (Nationalist)

Chargé d'Affaires: Chi-Tsun-ho (19th August, 1949).

Has a French wife.

Czechoslovakia

Minister: Vaclav Vavra (26th July, 1949).

A professional type who appears to live behind an Iron Curtain of his own, and interests himself in (I think) archaeology. When seen, is friendly

Rather gives the impression of being a fish out of water in the Communist pond, or should it be desert? Formerly Consul-General at Marseilles.

Denmark

Minister: Axel Kaspar Frederick Sporon-Fiedler (14th October, 1947).

Before coming to Persia he was for many years Consul-General in San Francisco and had obviously taken root there. He is meticulously formal and precise, but hospitable and kindly. Mrs. Sporon-Fiedler, though vague, is agreeable and has a somewhat clearer idea than her husband of what is going on around her.

Egypt

Ambassador: Ilias Ismail Bey (4th April, 1950).

Small, wiry, intelligent, friendly and confidential in manner. His own attitude towards Britain is more sensible and friendly than that of his Government. I have not seen very much of him but hope he will make a good colleague. Entertains a great deal.

Ethiopia

Minister: Serequeberhan Guebrezie (19th November, 1950).

Speaks excellent French and fair English, also apparently Greek and Italian. Has been Director-General of Press and Propaganda and Consul-General at Jerusalem, Beirut and Damascus. Admits he has nothing to do except establish good relations between Ethiopia and Iran.

Finland

Minister: Baron A. S. Yrjo Koskinen (8th December, 1948).

Resident in Ankara.

France

Ambassador: François Coulet (10th July, 1950).

Born in 1906 and graduated from the Ecole Libre des Sciences Politiques. Joined the Diplomatic Service in 1935 and served at Moscow and Helsingfors. Joined the Free French Forces on 19th June, 1940, and was duly dismissed by Vichy a month later. He was *Chef du Cabinet* to General de Gaulle from 1941 to 1943, when he was appointed Secretary-General at the Prefecture of Corsica for a short period. Subsequently, returned to England and was sent in June 1944 to be General de Gaulle's Regional Commissioner in Normandy immediately after the Allied landings. After the liberation of Paris he was for a time Delegate for Inter-Allied Relations at the Quai d'Orsay until he became Director of European Affairs in 1945. Appointed Minister at Helsingfors in 1947. Pleasant and friendly. Has an English wife, formerly Mrs. Quintin Hogg.

Greece

Minister: Georges Coustas (19th November, 1950).

Was appointed Chargé d'Affaires on 13th September, 1943, and left Iran in the summer of 1950 on appointment to the Foreign Ministry in Athens. Turned up again a few months later with the rank of Minister. He and his wife are friendly and popular in Tehran society. He is the athlete of the Diplomatic Corps and prides himself on his toughness: never wears a hat or overcoat.

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Holy See

Apostolic Delegate: Mgr. Paolo Pappalardo.
Has been Acting Delegate since 1946. Is Archbishop of Apamea in Syria and Administrator of the Latin Archdiocese of Isfahan. He is not much seen but is always friendly.

Indonesia

Minister: Abdul Kadir (26th December, 1950).
Speaks good English. Served in the Dutch Legation at Jeddah and later was an officer in the Indonesian National Army. He claims to have resisted the Japanese and afterwards to have had something to do with liaison between the Indonesian Republicans and the British Army. Is also accredited to Kabul, where he expected to live, but owing to accommodation difficulties may remain in Tehran. Was rather reserved at first but has been very cordial since a recent visit he made to Java, where the Vice-President told him that I was a friend and advised him to come to me for counsel when he needed it. Is shocked at the corruption in Persia and concludes that Indonesians are more worthy than Persians, which evidently surprises him. Has a pleasant wife who goes about in Indonesian costume.

Iraq

Ambassador: Sayyid Abdullah Damalaji (4th May, 1950).

Born 1895, a native of Mosul. Joined Ibn Saud and was his Minister for Foreign Affairs in 1922. Went to Bagdad in 1928 and resigned from Ibn Saud's service. Made Iraqi Consul-General at Cairo in 1930 and became M.F.A. at Bagdad the same year. After a year of this office, he held various appointments, including Director-General of Health and Court Chamberlain, and was again M.F.A. for a time in 1942. In business and out of politics until 1947, when he became a member of the Iraqi delegation to U.N.O. and later Deputy for Mosul. Speaks good English and seems friendly.

Italy

Ambassador: Enrico Cerrulli (7th December, 1950).

Explorer and sociologist. Before the war was Chief of Political Office in Italian East Africa and Vice-Governor-General in Ethiopia among other Colonial appointments. After the war attended the Peace Conference as Adviser on Colonial Affairs. Has also been Chief Adviser on Colonial Affairs to the Foreign Ministry but has not previously held a diplomatic appointment.

Lebanon

Minister: Dr. Salim Haidar (2nd October, 1946).
Born about 1910. Graduated as a lawyer from the French Jesuit College at Beirut and was then sent to France to continue his studies at the expense of the Lebanese Government. Became a Doctor of Law in France and on his return to the Lebanon was appointed a judge for Beirut. Well-read, intelligent and quite friendly. Made a good and sensible speech at the recent Islamic Economic Conference at Tehran which made a mark amidst a flow of woolly oratory. Married.

Netherlands

Minister: A. J. Schrikker (7th December, 1950).
Born 1892. Married. Consul-General at Hamburg since 1946. Appointed to the Consular Service in 1915. Consul-General at Düsseldorf in 1938 and interned by the Germans for several months after the occupation of Holland. Seems the typical heavy, friendly Dutchman.

Norway

Minister: Ernest Krogh-Hansen (16th October, 1950).

Resides in Ankara.

Poland

Chargé d'Affaires: Kazimierz Smiganowski (22nd July, 1947).

A satellite friendly in manner who has recently married his secretary.

Roumania

Chargé d'Affaires: Constantin Stancescu (17th September, 1949).

An aloof satellite of no particular personality.

Saudi Arabia

Minister: Hamzeh Gows (26th May, 1948).

I only know that he is amiable and picturesque, but he talks no European language. His Arab dress adds to the colour of Tehran receptions.

Soviet Union

Ambassador: Ivan Vassilievitch Sadchikov (26th March, 1946).

Formerly Minister at Belgrade. Thick-set, slow moving, with mean little eyes. Does not enjoy good health. Can do amiable small talk in fair French but if anything serious is mentioned he takes refuge in platitudes. Appears to have been affable with the Persians in his dealings with them over the 1950 Russian-Persian Trade Agreement. Is only seen at large parties and seems to make a habit of being noticeably late. His wife looks pale and unhappy and is always accompanied by a female interpreter.

Sweden

Minister: Harry Eriksson (5th June, 1949).

Formerly Minister to South Africa. Ponderously cheerful and agreeable. Is also accredited to Bagdad and Karachi and is consequently nearly always travelling.

Switzerland

Minister: Charles Edouard de Bavier (22nd March, 1947).

Formerly in Rome and Athens. After acting for nearly two years as Chargé d'Affaires, with personal rank of Minister, he presented letters in 1947. Pleasant and affable, but a lightweight of a type usually met with before the war on the French Riviera. In spite of his outward cheerfulness, he clearly makes little of Persia and longs to return to the sophisticated urbanities of Europe. His wife suffers from indifferent health and has even greater difficulty in fitting into the Iranian scene. She is friendly, talkative and somewhat overpowering.

Syria

Vacant. Chargé d'Affaires: Farid Khani.

He is quite intelligent in a dreary way and is, I believe, politically active in Arab circles here, but in no sense an attractive personality.

Turkey

Ambassador: Yakub Qadri Karaosmanoğlu (16th October, 1949).

Born about 1880. A little tired man with a big head whose health is so poor that he is unable to travel about the country. He is I believe a successful novelist. Deputy 1927-34 and member of Foreign Affairs Commission. Has attended several conferences as Turkish delegate including inter-Parliamentary Congress of Paris, 1928, Balkan conferences in 1930 and 1931. Minister at Prague, 1936, Hague, 1939, Berne, 1942. Pleasant, intelligent and friendly.

His wife is also friendly, intellectual and talkative. They live rather unhappily in a huge bare Embassy with rooms thirty feet high and have the effect of making one feel slightly avuncular.

United States

Ambassador: Dr. Henry F. Grady (29th June, 1950).

Born about 1883. Entered United States Government service after the 1914-18 war as a special adviser to the United States Shipping Board. From 1921-37 he was lecturer and subsequently professor of International Trade and Dean of the College of Commerce at the University of California. In 1934 he took leave from the University to become Chief of the State Department's Trade Agreements Division and in 1937 he left the University to become Vice-Chairman of the United States Tariff Mission. In 1939 he became Assistant Secretary of State and in 1941 resigned and became President of the American President Lines. In August 1941, as President Roosevelt's personal representative, he undertook an economic survey of the Far East and headed a technical delegation to India in March 1942. After the Italians surrendered, he served for six months on the Allied Control Commission in Italy. In 1945, he headed the American delegation to observe the Greek elections and in 1946 served as alternate to the Secretary of State on the Palestine Committee.

In May 1947, he was appointed first United States Ambassador to India. Appointed Ambassador to Greece, July 1948, where he was highly successful and co-operated closely with His Majesty's Ambassador. Accepted post of Ambassador to Persia at insistent request of the Secretary of State and the President. Unfortunately, his arrival as the bearer of American aid was accompanied by such a flourish of trumpets that there was keen disappointment when after five months of negotiation it was realised that the only outcome was likely to be a loan of 25 million dollars. In spite of this he still has news value, partly because the Persians still hope for more. He is personally very friendly, but his Embassy have not concealed their view that the Anglo-Iranian Oil Company should offer the Persians substantially larger royalties and have thus added to the difficulty of a tricky situation. Mrs. Grady jumped to the conclusion that Persian and Greek women were the same and had made herself a laughing-stock before she concluded that a dynamic personality does not take one very far in Persia.

Yugoslavia

Chargé d'Affaires: V. Jovicevic.

Is rarely seen and then nearly always stands by himself, doubtless owing to the equivocal position of his country.